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# ***CENTRAL EURASIA***



# FBIS Report: Central Eurasia

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### **Najibullah Views Peace Prospects, CIS Ties**

*924C1145A Moscow DEN in Russian  
No 11, 15-21 Mar 92 p 2*

[Interview with President of Afghanistan Najibullah by Viktor Polyanichko; place and date not given: "I Am a Citizen of My Own Country"]

[Text] Viktor Polyanichko served for three-and-a-half years in Afghanistan (1985-1988) as a political adviser to Babrak Karmal and Najibullah. Western analysts and journalists claim that it was V. Polyanichko who was one of those who devised the policy of national reconciliation, which received broad popular support in the Republic of Afghanistan and attracted the attention of many third world countries. The model for this policy was successfully realized in Kampuchea, in particular.

**Steps to implement the policy of national reconciliation made it possible to create the necessary preconditions for the successful negotiations in Geneva and the subsequent withdrawal of Soviet troops from Afghanistan to their motherland.**

[Polyanichko] Mr. President, what is the military situation at this time in Afghanistan? This is of interest to all those who served in Afghanistan.

[Najibullah] The operational situation in Afghanistan today is better than in the past. The whistle of the bullets has died down and peace reigns in the countryside and the villages. But Afghanistan's Armed Forces remain vigilant and in a state of readiness selflessly to defend the motherland and the peaceful life of the people.

[Polyanichko] What role do the republic's Armed Forces play today? Did Afghanistan need military aid from the Soviet Union after the 1978 revolution? For in our country there is a certain ideological watershed in public opinion with respect to this problem.

[Najibullah] The Armed Forces of the Republic of Afghanistan, as the main defender of peace in the country, have over the years adopted new methods from the limited contingent of Soviet forces in the conduct of combat operations, and studied their weapons and military equipment. As a result, our Armed Forces engaged in an exchange of experience and mutual assistance for three years following the withdrawal of the Soviet troops to defend the country independently and protect the peaceful life of the Afghan people.

On the eve of the withdrawal of Soviet troops from the territory of Afghanistan, most party members who had mastered the military art were in the front line in defending the motherland, and this prompted the people to rally around the Watan party. Today that party is united as never before, and it does not know the concepts of Parcham or Khalq. The party's general line is serving the motherland and the people.

It should be added that training and arming party members is not a permanent feature but the result of specific conditions and the situation.

But I would like to take a broader look at the historical and geopolitical position of my country. After the events of April 1978 in Afghanistan, because of the rivalry between the superpowers a new situation arose. Moreover, interference in Afghanistan's internal affairs by Pakistan brought the country with a multitude of difficulties and problems.

From our standpoint, resolution of those problems was possible only through greater realism combined with consideration of the conditions and status of Afghan society and the traditions and psychological features of our people, and also the changes taking place in the region and in the world. Unfortunately, however, a hasty approach was chosen and this led to deep political tension in the region, with consequences that we are still fighting today.

The 10 years that the limited contingent of Soviet forces was in Afghanistan taught us that what is most effective and makes most sense is a realistic approach to the country's problems, and mutual understanding and negotiation between internal forces in Afghanistan. We realized that the domestic parameters of problems should be studied, and that the decisive factor was not things as they were seen "from the outside." Proceeding from this we announced the policy of national reconciliation.

[Polyanichko] You have now been dealing with the opposition one on one for almost three years. You are aware that they predicted no more than three months for you after our troops withdrew. On what is the system of your power now based? What fate lies in store for the policy of national reconciliation, whose architect you are? What has been achieved along this path?

[Najibullah] The policy of national reconciliation is a complex and profound process that is being constantly developed. The positive results of this policy can be seen on increasing scales in the various spheres of the life of our people and society. Among its main achievements we might name the affirmation and realization of the constitution of the Republic of Afghanistan, the creation of the National Assembly, an elected coalition government, a free press, political pluralism, the conclusion of the Geneva agreements, the withdrawal of Soviet troops from the country, the establishment of relative peace, the return of a large number of fellow-countrymen to their motherland, the return of property to repatriates, development of a market economy policy, and so forth.

The main obstacle on the road to the development and perfection of the policy of reconciliation is the continuation and even intensification of interference in Afghanistan's domestic affairs by Pakistan. Were it not for that interference our successes would be more significant than in other countries.



In fact, the events of the three years of independent defense have shown the might and strength of the government of the Republic of Afghanistan. During this time, by engaging in a just defense and safeguarding sovereignty, independence, and territorial integrity, we have achieved successes on the road of adherence to the policy of national reconciliation and continuing the dialogue and negotiating process. The secret strength of our power lies in the national domestic factor, in gaining the support of the people, and in loyal service to the people and the motherland.

The "seven" that have taken up the banner of domestic dispute and contradiction can in no way represent the people, and they will not be accepted by the people, nor can they ensure stability in the country.

We hope that with the end of internal interference the Afghans will succeed in moving to full implementation of the policy of national reconciliation and end the fratricidal war, and will set about their peaceful lives and the country's restoration.

[Polyanichko] What is your assessment of the results of the trip by opposition leaders to Moscow? What can we expect from these meetings?

[Najibullah] We assess the trip to Moscow by opposition leaders as just the latest step on the road of finding political solutions to Afghanistan's problems, and we believe that if these negotiations are accompanied by realism and correct appraisals they will bring us closer to peace.

In principle, in order to bring the opposing sides closer together we approve of the visit by leaders of the Afghan opposition. In setting forth the official position of the government of the Republic of Afghanistan we have noted that given a realistic approach in such meetings and the absence of attempts at one-sided acquisition of power, these steps can be useful. However, as events of the last month show, the opposition has failed to meet the obligations it assumed in Moscow in the question of release of prisoners. In a joint communique issued in Kabul, the vice president of Russia, Mr. Rutskoy, officially stated that the opposition had engaged in deception.

The Government of the Republic of Afghanistan will accept any reasonable and acceptable proposals on peace and an end to the fratricidal war, no matter from where they may originate. During the years that have elapsed since the proclamation of the truce we have appealed more than 30 times to the opposing side, offering various drafts and peace proposals, the latest of which culminated in the creation of a broad-based elected government and free, direct, secret, equal, and general elections under UN observance.

The fact that the opposition is not responding positively to the demands of Afghanistan's people and the proposals from their government is, from our standpoint, connected with the fact that the opposition leaders are under foreign control, in the hands of those who want to

use the war in their own interests. We again appeal to them for common sense. Otherwise they will be rejected by the people of Afghanistan and condemned by history as foreign mercenaries.

[Polyanichko] What do you think about the agreement on halting deliveries of weapons and ammunition?

[Najibullah] We officially approve of the halting of weapons from the Soviet Union and America to the Afghan sides. If this occurs, and if Pakistan and Saudi Arabia do the same, the need to find new sources for weapons deliveries will disappear. With the halt to interference and the end of the war there will be no need for the opposing sides to be armed.

From the standpoint of the Government of the Republic of Afghanistan the only way to solve Afghanistan's problems is by the peaceful method for which we have opted. Most countries, the United Nations, and the people of Afghanistan want political and peaceful solutions to the country's problems through internal Afghan dialogue. There are no alternatives.

[Polyanichko] What is the fate of the Geneva agreements of 14 April 1988?

[Najibullah] The Geneva agreements on political settlement of Afghan problems have been strictly observed by Afghanistan and the former USSR. Thus, it was on the basis of those agreements that the limited contingent of Soviet forces returned to its own territory. However, some participants have failed to fulfill any of the provisions of the Geneva agreements and are, moreover, violating them. All instances of violation are officially reported to the office of the UN secretary general in Kabul.

[Polyanichko] In your opinion, how have economic links between our countries developed over the past decade?

[Najibullah] Afghanistan's friendship with yesterday's Soviet Union and today's independent republics is long-standing. The links between the peoples of our countries have for many years, and in particular in recent years, been significantly developed in the economic and cultural fields, and we hope that under the new conditions new horizons will be opening up for cooperation with the republics in the fields of economics, science and technology, and culture, and that firm steps will be taken to develop these relations. Cooperation based on the principles of mutual respect, independence, sovereignty, and the territorial integrity of the sides is in the interests of our people and of peace in the region.

Pursuing the principles of good-neighborliness and peaceful coexistence and assessing correctly the present democratic processes taking place in the space of the former Soviet Union, and preserving the continuity of long-standing historical links, the Government of the Republic of Afghanistan has officially announced recognition of the independence of the states of Central Asia

and other former Soviet republics, which may be regarded as yet another step on the road toward strengthening mutual relations.

We are of the opinion that the sovereign republics, the Commonwealth of Independent States, and Afghanistan have opportunities to expand economic and trade activity in the interests of the peoples of our countries. The Government and people of Afghanistan welcome the development of this kind of cooperation.

[Polyanichko] What is your opinion of the new Commonwealth of Independent States to replace the Soviet Union?

[Najibullah] We welcome any changes that are taking place among our neighbors in the interests of peace, freedom, democracy, and economic progress. We would like these things to be pivotal in the new commonwealth.

[Polyanichko] Were you aware that funds to provide aid for Afghanistan are being set up in some of the republics?

[Najibullah] We are happy to hear that aid funds are being created for our country and we regard this as a symbol of friendship and help to the people of Afghanistan who have endured the war.

We hope that other states will follow this good example and help in the restoration of our country.

[Polyanichko] What is your attitude toward the fact that immediately after the war those who served in a Afghanistan are coming to you to help as builders in order to restore the shattered national economy?

[Najibullah] As previously, we need cooperation and economic and scientific and technical assistance from our neighbors—the sovereign republics. We hope that in the future your experts will come to Afghanistan. This is very important for us, particularly under conditions of the restoration and revival of the country. And of course, we also expect help from other countries.

We intend to intensify actions to restore the country when the war ends and peace is affirmed. Specific plans are being studied, but we shall be trying first and foremost to restore what the people need most of all—communications, the water supply and land melioration system, and the development of energy sources.

[Polyanichko] You have proclaimed a course toward democratization of Afghan society. What does a multi-party system mean for you under present conditions? Which traditions of the People's Democratic Party of Afghanistan [PDPA] are alive and which have been abandoned?

[Najibullah] The multiparty system means that representatives of the various political parties can take advantage of their political freedoms to participate in the management of society. With regard to the PDPA it must be said that with the emergence of the Watan party the rules and program of the party underwent radical changes and

were brought into line with the realities of Afghan society and international development. The process of growth and improvement in the Watan party along the road of reconciliation continues, and its positions in society are being increasingly strengthened; this is confirmed by the presence within its ranks of representatives of the various social groups and strata.

[Polyanichko] How is Comrade Babrak Karmal, what is he doing?

[Najibullah] The esteemed Mr. Babrak Karmal, an Afghan citizen, is passing his days in freedom and respect, living on a pension at his home, within the circle of his friends and relatives.

[Polyanichko] What is now the attitude of Afghans toward our peoples?

[Najibullah] Although the concept "Soviet" is now a thing of the past it must be said that the Soviet people are an old friend and neighbor of our people, particularly the peoples of the Muslim Asian republics and Azerbaijan, who have historical, cultural, and religious ties with the Afghan people. No one can deny those ties, and the people of Afghanistan value them highly and are striving to expand and strengthen ties with all the republics.

[Polyanichko] In these difficult times are you oriented on the West, the East, or the North?

[Najibullah] In today's situation it is not important who helps us. We are grateful for aid that is free from mercenary, political, or military calculations from any country.

[Polyanichko] Young Afghan men and women are studying in many cities in our country. As a rule our people have good relations with them...

[Najibullah] We express our gratitude for the cooperation from the independent member states of the CIS in the matter of the education and training of our young people and the creation of all the conditions needed for this.

[Polyanichko] Your country has sustained enormous numbers of casualties and economic losses from the undeclared war. And these losses continue...

[Najibullah] Because of the war foisted upon them the people of Afghanistan have sustained major losses of men and material. Tens of thousands of people have perished in this senseless war and the country's economy has suffered losses counted in the billions of dollars.

Of course, accurate figures will be available only after the war has ended. Peace is being restored and, acting in a spirit of mutual understanding, Afghans are counting the numbers of the dead and summing up the results of the damages and losses. Both sides have sustained losses.

Despite the continuation of the war, the destruction of areas sown to crops, and the disruption of communications, leading to difficulties in the production of food and a significant increase in the prices for these products, basic products are being sold freely in the bazaars and demand is in line with supply. Price increases are inherent in wartime not only in our country. All countries that have found themselves in such conditions have experienced the major difficulties that we are experiencing today.

[Polyanichko] How are things with your family? What are your plans for your daughters?

[Najibullah] Like all others Afghans, my family and my daughters mourn the continuing fratricidal war in our motherland. From the heart they want an end to the war and the establishment of peace and tranquility on our land.

My daughters are studying at this time and dreaming of the time when, by acquiring the necessary skill and knowledge, will be able to serve a homeland and a people scorched by war.

[Polyanichko] Do you watch our television or read the Moscow newspapers? What, in your opinion, is brightening the life of Afghanistan today? What wishes would you like to express?

[Najibullah] Yes, I do watch your central television and I read your country's press. They contain reports about life in Afghanistan. I would like to express a wish for broader coverage of the events taking place in my country by the mass media in Moscow and the republics, and the dissemination of undistorted and disinterested information.

[Polyanichko] Do you feel that you may end up the position of a Honecker or a Castro?

[Najibullah] Each individual, each country, each society has its own special features. Honecker belonged to the former GDR, Castro to Cuba, and I to Afghanistan. I would like to serve the motherland for as long as possible as a citizen of my own country, among my own people.

The people may accept only a broad-based national government with representatives from all forces, with free, secret, equal, direct, and general elections. We are also moving down that road.

[Polyanichko] Would you like to express any wishes to the mothers of our country whose sons perished in Afghanistan—the former “Afghan soldiers”—and to our people?

[Najibullah] We express our profound sympathy and we mourn along with the mothers of your motherland who lost their sons in the Afghan war. I wish for a very rapid end to this futile war so that no one else will become a victim of it. I wish all your peoples a happy future!

### Kurils Settlement Expected in Five, Six Months

PM1004130192 Moscow IZVESTIYA in Russian  
1 Apr 92 Morning Edition p 6

[Correspondent Sergey Agafonov report: “Following the Japanese Scenario”]

[Text] Tokyo—Last Saturday [28 March] Japanese Foreign Minister Michio Watanabe, who also holds the post of vice premier and is leader of one of the largest factions in the ruling Liberal Democratic Party, delivered a lecture in Tottori Prefecture. The lecture took the form of a review and touched on the most topical issues of Japanese domestic and foreign policy at the present stage. One theme was the problem of Japanese-Russian relations or, to be more precise, one aspect of these relations: the territorial aspect.

In the section addressing the territorial issue the minister was brief and, most important of all, very specific. Without going into the history of the issue itself, he simply informed his audience that, according to Japanese estimates, a basic agreement on settling the territorial problem will be reached this year, within five-six months, before Russian President Boris Yeltsin arrives in Japan on an official visit.

There should be no doubts about the interpretation of the term “settlement,” because the context of the speech clearly shows that the Japanese scenario of resolving this long-standing dispute is the one in mind. In other words, the disputed islands will eventually be “restored” to the Japanese flag. As Watanabe said, the Russian side was presented with the terms for a territorial settlement during Andrey Kozyrev's recent talks in Tokyo, and Japan expects to receive a response to these terms in May, when the Japanese minister pays a return visit to Moscow.

Michio Watanabe is not one of those politicians who gratify the public with empty declarations, so the local press paid very close attention to what was said in Tottori Prefecture. Essentially for the first time, the head of the Japanese Foreign Ministry gave an extremely brief, specific period of time, rather than some vague date in the future, for “sorting out” the problem, which has remained unresolved for four and a half decades.

Any ideas of a bilateral, blessed compromise should be cast aside immediately, because no such shifts have been seen in Japan's stand on the matter. The maximum flexibility shown by the Japanese side has been to shift the emphasis in its demands: from immediately transferring all four islands to recognizing Japanese sovereignty over them and postponing the “act of restoration” until better times. There is also the version “two now, and the other two later,” but this too is only a variation on a theme, rather than something new. So Japan's hopes are mainly founded on the stand taken by Russia. Or, to be more precise, on the behind-the-scenes nuances of this stand, because so far there has been no official dramatic change in Moscow's policy on the territorial issue.

In principle, these nuances are easily calculated if you recall some of the formulas put forward by Russian representatives in recent months. First of all, we should single out Russia's new thesis that Tokyo must support the present regime, because it is the only regime prepared to discuss the territorial issue with the Japanese. Another novelty is the idea that the territorial problem needs solid propaganda backing, and for this purpose the people must be educated so that they "understand everything correctly." Finally, a link has been made between the domestic situation in Russia and a territorial settlement with Japan: By the fall the domestic situation in Russia in the wake of market measures will have become less acute, so then it will be possible to deal seriously with bilateral relations.

None of these three points gives any indication that Moscow intends to hand over the islands. But they also do not indicate the opposite, which creates sufficient grounds for Japan's hopes.

However, these arguments are not strong enough for a politician of Michio Watanabe's caliber. Obviously there are weightier grounds which prompted him to designate a time scale for reaching a territorial settlement with Russia. But what are they? This is a question worthy of the closest attention, because the Russian flag is, after all, still flying over the South Kurils....

#### **Prospective Economic Ties With Germany**

924A0881A Moscow KOSSIYSKAYA GAZETA  
in Russian 31 Mar 92 p 7

[Article by Vladislav Belov, sector chief of the Institute of Europe of the Russian Academy of Sciences: "How To Come to Grips With the Economy"]

[Text] We have long traditions of cooperation with Germany beginning back in the last century when at the invitation of the tsarist government German companies rendered essential aid in the creation of Russia's industrial infrastructure. The current restoration of Russian statehood and German reunification have created all the necessary preconditions for the nineties to become a decade of qualitative renewal of relations between our countries.

Russia inherited a fairly good contractual-legal base from the former USSR, one which takes into account the peculiarities of the bilateral ties with the East German territories during the transition period, including the economic aspects of the withdrawal of our armed forces from the territory of the former GDR. To a certain degree (although, unfortunately, not an adequate one) this legal foundation was augmented by a number of provisions coordinated during B. Yeltsin's visit to the FRG in November 1991. But under the current conditions we should sign a separate Russian-German economic treaty which would reinforce the framework for bilateral cooperation taking into account the changes that have occurred in both states and would be an

additional guarantee for Russian and German firms that their contacts will have state support.

First of all, for mutually advantageous cooperation we need regulated currency-financial relations. Here is where Russia has received her most difficult legacy. The foreign commitments of the former Soviet Union with respect to the FRG (beginning mainly after 1989) amounted to about 55 billion marks, including more than 40 billion marks in bank credit and guarantees (not counting nonreimbursable aid and the funds delivered in connection with the withdrawal of Soviet troops from the territory of Germany).

As we know, Russia, in keeping with signed agreements, has taken over 61 percent of the total foreign obligations. With respect to the FRG this means a sum in excess of 30 billion marks, and taking into account the possible refusal of other CIS states to repay their share of the debts to Germany, Russia's real payments could be significantly higher.

A direct consequence of the crisis situation in the sphere of credit-financial cooperation was the stiffening of the position of the FRG Government, above all that of the Finance Ministry headed by T. Waigel, regarding state insurance for export credits of German firms delivering goods to Russia and other CIS states (with the exception of those who at the end of October 1991 did not sign the memorandum on the payment of the foreign debts of the former USSR—deliveries of goods to them from the FRG will be halted, including to Ukraine, since no export credits will be issued for these countries).

While in 1991 for German firms, mainly those from East Germany, there were significant exceptions, and the overall sum of insurance guarantees reached 9.7 billion marks, in 1992 all the benefits have been revoked and the amount of the fund of state insurance guarantees for export credits will exceed 5 billion marks. Of course, at first this decision had a negative effect on foreign trade. The number of applications from German firms to acquire insurance for exports to the former USSR, mainly to Russia, in 1992 considerably exceeds this sum.

But one cannot fail to see that the Germans will also take a more cautious approach to preparing for transactions with Russian firms. Preference will be given to small- and medium-sized businesses and also firms that export oil extraction and processing equipment to Russia. This should help to stabilize the situation in the Russian oil industry, which is the main source of hard currency revenues.

Under these conditions what will save Russian-German economic cooperation will be the use of various counter transactions, production cooperation, and so forth. German experts cite facts showing that Russian entrepreneurs pay in cash for operations for importing not only consumer goods but also equipment, bypassing the banking channels.



To a certain degree many problems could be resolved within the framework of various kinds of joint structures intended to contribute to the development of Russian-German cooperation at all levels. So during the forum of representatives of the Soviet and German communities in Moscow, Russian Vice President A. Rutskoy advanced the idea of forming an institution of independent experts of Russia and Germany for analysis and comprehensive aid in the implementation of concrete programs and transactions. The realization of this proposal was entrusted to the International Center for Business Cooperation and the Institute of Europe of the Russian Academy of Sciences. Moreover, at the government level they are developing the idea of creating a Russian House of Economics and Industry in Northern Rhein-Westphalia. According to press reports, in Dusseldorf they have created a Center for German-Russian Cooperation. A similar center is to be opened in Moscow. Obviously, such structures could become an effective instrument for contributing to Russian-German cooperation in the near future.

#### Trade, Price Problems With PRC

924A0881B Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 31 Mar 92 p 3

[Article by A. Kabannikov: "Mercury Would Probably Kick Off His Sandals if He Knew How We Trade With China"]

[Text] Beijing—The volume of our trade with China dropped by almost a third last year. Against the background of the general foreign economic collapse this looks almost like a victory (trade with Vietnam, for example, decreased 10-fold). Deliveries under international agreements basically failed here as well; they did not amount to half the volume of year before last.

The overall picture was improved slightly by the credit to the PRC of 1 billion Swiss francs. The Chinese promptly delivered this amount of consumer goods to us. But even including this we will have little more than 1.5 billion. And the overall commodity turnover is twice this amount. Where does the rest come from?

The rest—"local initiative"—comes from direct ties among the enterprises and border and local trade. This is simply astonishing if you remember how much the Pavlov government did last year to break this monopoly and restore the state monopoly on foreign trade. Everyone and everything was licensed, they had to pay with the dollars of their partners without ever getting to see them, barter was forbidden, and draconian customs duties were introduced.

And regional trade grew by all of 80 percent in a year under these conditions. This is evidence not only of the resourcefulness of the new generation of our businessmen but also of the irreversibility of the natural course of things. It is impossible not to trade with a neighbor with whom you share more than 7,000 kilometers of common border.

Last year's international trade fair of Chinese goods in Harbin was attended by 670 of our trade delegations and 5,500 specialists. The sum of the transactions concluded exceeded \$2 billion and the number of enterprises and firms that established direct ties exceeded 3,000. This was a real breakthrough, a triumph of trade as such, free of ideological trappings and bureaucratic dictatorship.

But here is a scene from the trade fair. The same one—the second international trade fair in Harbin. It was attended by representatives of the Bereznikovskiy Nitrogen Combine, producers of carbamide. There is a great demand for the fertilizer here and it is impossible to keep the clients at bay. The Bereznikovskiy workers named their price—265 Swiss francs per tonne. The clients laughed at them. What was wrong? After all, they knew the price—the world price. And the product was of high quality according to all world standards. Everything can be explained simply. It turns out that next door the Chechen-Ingush State Committee for Material and Technical Supply was selling the same carbamide, but at 185 francs. And a little farther down the line the Armur Vpered k Kommunizmu Kolkhoz was prepared to sell that same Bereznikovskiy carbamide at 115 francs. This is a textbook situation in our current trade with China. The same thing is happening with cement and timber, metal and fuel.

But could it be that what we acquire at a low price on the Chinese market will compensate for such unprofitable sales? If only it were true. One of our enterprises recently bought a batch of beef at 5,090 francs per tonne. And the real price is 2,825 francs. A timber industry enterprise is paying 134 francs for the famous down jackets. They cost a maximum of 60. These, alas, are the most typical examples.

One obvious paradox: Heilongjiang and other northern provinces of the country are earning handsome profits from their trade with us. They are reselling to us goods from other regions of China, receiving 15-20 percent for their services as middlemen. Naturally, the prices here are the highest for us. But, according to our experts, the quality is the lowest.

It is with the north of China that we have 90 percent of our direct ties and border and local trade, including 60 percent with Heilongjiang. "They were lured in"—as the rumor goes. There is no documentary evidence of this. But there is an extremely curious statistic. Nine out of every ten of our trade delegations come to China with empty pockets. They are greeted cordially, entertained, and gifts are given exclusively by the Chinese. In the business world this is not respectable, to say the least.

The merchants who come here operate blind, as a rule. They have no objective and fresh information about the conditions of the local market or the country's trade laws and there is nowhere to get it. A year ago our trade representative in Beijing prepared and sent around to the

executive committees a 20-page price list. Enterprising cooperators immediately reproduced it and sold copies for 3,600 rubles [R] each.

According to estimates of specialists, last year we lost about a half million dollars through unskillful regional trade with China.

But who is actually losing? This is the question of questions. For it turns out that it is precisely the present condition of trade that best suits the majority of immediate participants. A bad merchant should logically be punished by life itself, by the inevitable failure of his business. But by selling commodities here with a three-fold markup, he nonetheless manages to remain among the enviable barons. One wonders why the market favors him. The immense difference between the price of a commodity inside and outside the country destines him personally to be a permanent commercial success.

Based on this difference we have developed a whole class of business people whose main merit is their ability to "trade" and ship goods, and with this it is impossible to lose. And, as a rule, the producers end up with crumbs. They make up only one-fifth of the Chinese market. The rest are middlemen.

It is simply ridiculous to speak about the interests of the rank-and-file consumer. Can it be true that in and around Kamchatka there is an immense surplus of eggs? Kamchatka foreign trade organizations just offered 15 million of them to China. Agropromservis, in spite of the counterflow of humanitarian aid, is prepared to deliver 32 kinds of food products there.

It is ridiculous to moralize about this; business has its own ideas about good and bad. It is dangerous to call for the traditional "order" for it has never produced anything good from foreign trade in the past. The breakthrough in regional cooperation with China, along with all of its gratifying results, has clearly shown what free foreign trade amounts to when combined with the same old prices inside the country. Dramatic as they may be, the current liberalization here is necessary also because without real market prices that are oriented toward the outside world, the selling off of the country at a cheap price will continue.

#### International Metallurgical Union Created

924A0959A Moscow IZVESTIYA in Russian 9 Apr 92  
Morning Edition p 3

[Report by Dmitriy Khrapovitskiy: "Attempt Made To Preserve a Single Metallurgical Space"]

[Text] [begin bold]Metallurgists of the CIS countries, Georgia, the Baltic countries, and a number of German companies have created an International Metallurgists Union [MSM]. [end bold]

At their meeting in Lipetsk, they registered a growing crisis in the metallurgical industry in the countries of the

former Union. Last year, the volume of production of the main types of ferrous metallurgy output fell by 22 percent in comparison with the previously reached level. The output of some nonferrous metals fell by 30 percent. Because of that, thousands of enterprises are idle or fold up production. The specificity of the situation is such that even a short-term stoppage requires considerable expenditure on restoration, and in some instance makes further use of some technological lines impossible.

In the opinion of Serafim Kolpakov, who was elected the MSM president, sovereignization is destroying the existing metallurgical complex, which tomorrow may lead to the collapse of national metallurgical production capacities. Talking about competition in this situation is meaningless. This is supported by world experience as well. For instance, five Japanese supercorporations each work in its own specific sector of production and distribution. While complementing each other, they have a common line of scientific-technical and economic development, which, taken in its entirety, composes a civilized market of metal production.

Uncivilized behavior, on the other hand, leads to losses. For instance, the chaotic way in which our metallurgical enterprises have been exporting their output to foreign countries during the last two years has led to prices falling to one-third of the original level. Today, a tonne of nickel brings \$5,000-\$7,000 instead of \$17,000. The price of aluminum has also fallen in the same proportion. By the way, this currently represents a certain threat to European stability as well, which is evidenced by a number of appeals addressed to us—among others, from an EEC commission.

"Metallurgical production in the countries of the former Union is on the brink of stoppage," believes MSM President S. Kolpakov. "National enterprises are interlinked by mutual deliveries of thousands of components necessary for production. Currently, however, one of the stop signals for metallurgy is export custom duties."

Take, for example, the situation at the Tulachermet association. Close to one thousand enterprises are ceasing production because Tula does not deliver enough pig iron. Tula, in turn, is experiencing coke shortages. In Poland, one can get two tonnes of coke for a tonne of pig iron. This will allow the smelting of four tonnes of pig iron. But Russia's custom duty on pig iron, in particular, makes such an operation meaningless.

The Metallurgy Department of Russia's Ministry of Industry by its very status cannot play the role of an international coordinator. This is the role the International Union will attempt to take upon itself. It intends to present for consideration by the heads of governments a concept for development of the metallurgical complex, as well as legislative initiatives, whose purpose is to ensure normal functioning of national enterprises in the market environment and the possibility of creating interstate production associations. The union does not lay



claim to any command function, planning to operate as a public consultative organization.

### Merchant Fleet Short on Transit, Port Fees

924A0881C Moscow *NEZAVISIMAYA GAZETA*  
in Russian 26 Mar 92 p 6

[Article by Andrey Bayduzhiy: "Ship Owners Cast Seamen to the Whim of Fate. Nobody Is Surprised When a Russian Commercial Ship Is Taken Into Custody"]

[Text] REUTERS reports that 20 Russian and Ukrainian ships had accumulated at the entrance to the Suez Canal because they were unable to pay the transit fee reminded us once again of the critical financial problem facing the fleets of the CIS countries today. More than 790 commercial ships of Russia and more than 1,000 ships of Ukraine and the Transcaucasian states are now taking advantage of the services of 1,100 ports of 120 countries of the world. Naturally, they have to pay for the services in each of them.

Special accounts have been opened for settling debts with all foreign partners. As long as there is money in them, everything is normal. But as soon as the stream of currency dries up the ports are automatically closed to ships of the debtor country. A similar system is in effect for payment for use of canals. The cost of passage, for example, through the Suez Canal, depending on the ship's tonnage, ranges from \$20,000 to \$150,000.

As Nikolay Tsakh, first deputy director of the department of maritime transportation, reported, after \$230,000 were transferred to Egypt the Russian ships halted at the entrance to the Suez Canal continued their journey. But this hardly removes the whole problem of payment—arrests of Russian ships and their cargoes have become a common occurrence. For example, five ships of the Far Eastern Shipping Line loaded with wheat

are now being detained in Canada because of the debts of the Eksportkhleb joint-stock company to foreign shipping companies. For the same reason, at the end of February in Denmark the cargo of the ship Trabzon was auctioned off—78,000 tonnes of wheat destined for Russia. The ship Akademik Sechenov of the Novorossiysk Shipping Line with 100,000 tonnes of wheat on board was not allowed out of Canada for a month and a half—the losses from the idle time amounted to \$1 million.

The majority of such instances are not the fault of the seamen but of the ship owners. The indebtedness of Eksportkhleb alone to shipping lines of the CIS countries amounts to \$146,500, including \$78,500 to Russian companies. In order somehow to save the day, the shipping lines that are on the verge of bankruptcy have been forced to refrain from shipping domestic cargo and look for work abroad. While previously they provided for more than 60 percent of Russia's cargo turnover, now they account for only 32 percent. The most advantageous contracts for shipping grain are more and more frequently awarded to foreign shipping companies. If their payment is delayed they do not especially stand on ceremony: They file a law suit and confiscate and sell the debtor's cargo—as a result, thousands of tons of cargo (mainly food) do not reach Russia.

According to reports from the department of maritime transportation, recently the situation has also been complicated by the fact that the Baltic states have been demanding payment in hard currency for anchorage. As a result of negotiations, accounts with the ports of these states (except Klaipeda) are still kept in rubles. But with the approach of a new wave of problems—the question of payment for part of the costs in hard currency is being raised by Russian and Ukrainian ports, which justify this by saying that they have to buy most of their equipment abroad.

## POLITICAL AFFAIRS

### Russian Nonintervention in Moldova Urged

9240 [20] Moscow (VESTI) in Russian 15 Apr 92  
Morning Edition 3 6

[Maksim Yusin report: "Russia Is Undergoing a Test of Maturity in the Dniester Region"]

[Text] Chisinau—Tiraspol—Bendery—Moscow— The conflict in the Dniester region has become one of the most serious tests for Russian diplomacy in recent months. From the dais of the congress Andrey Kozyrev is being accused of flouting the state interests of Russia. At a meeting in Tiraspol the statement issued by the foreign ministers of Russia, Ukraine, Moldova, and Romania on the Dniester region is being compared to the Munich agreement. Arrows of criticism are flying in all directions.

### In Tiraspol They Believe They Have Been Betrayed Yet Again

"Russia's foreign affairs department has unfortunately been unable to cope with the problem of interstate relations with the CIS republics." This was stated by the chairman of the Dniester Region Commission set up by the Congress, Nikolay Ryabov. "In the declaration of the four ministers the interests of the Russian state have been largely ignored."

Members of the delegation accompanying Kozyrev on his trip to the CIS republics disagree with this assessment. It is their opinion that the document signed in Chisinau creates the preconditions for a settlement of the conflict by making provision for a cease-fire and the withdrawal of the opposing forces. On paper this document seems convincing and encouraging. In practice everything is much more complicated. The truce that came into force at 1700 on 7 April was repeatedly violated last week. Leaders in the Dniester region have been critical of the Chisinau declaration and believe that they have been betrayed yet again.

### "Why Stand on Ceremony With Moldova?"

Kozyrev's brief visit to Tiraspol and Bendery turned out to be much more complicated and not as productive as the Russian delegation had hoped. Conversations with the leaders of the Dniester Republic sometimes reminded us some kind of dialogue with the deaf. "Why stand on ceremony with Moldova? Is it really a state?" asked one of the deputies from the left bank.

Kozyrev's diplomatically restrained statement at the meeting in Tiraspol was not greeted with enthusiasm by the people assembled on the square. The belligerent statements made by Aleksandr Rutskoy, heard two days earlier, were much more in line with the electrically charged atmosphere in the front line city. After Kozyrev had left the dais, the excited speakers who rushed to the microphone held both Russia and its foreign policy up to shame.

It is not surprising that the arguments of the diplomacy were not accepted by those attending the meetings in Tiraspol and Bendery. It is something else that put them on their guard and frightens them when the mass meeting mentality seizes the Russian deputies and officials, and when emotion takes over from common sense in their speeches. The conflict in the Dniester region has become a serious test of the maturity of our democracy.

### The Temptation To Yield to the Logic of Empire Is Great

So ultimately, what is the scenario toward which the parliament and the president are leaning? The temptation to yield to the logic of empire is greater than ever before. Inflexibility has been seen in Chisinau's attitude toward both the "patriots" and the former communists, and the vice-president of Russia. They stubbornly point out that protecting fellow countrymen on the left bank of the Dniester is a quite plausible excuse for Russia's intervention in the conflict on the side of the Dniester Republic.

It is precisely this kind of turn that the Ministry of Foreign Affairs is trying in every way to avoid. Meeting in Tiraspol with officers who had been transferred to the jurisdiction of the 14th Army, Kozyrev insisted that the armed forces observe strict neutrality. Otherwise, from the standpoint of international law Russia would be an aggressor encroaching on the sovereignty of an independent state that is a member of the United Nations and the CSCE. A sally made against the independent government of the Cossack detachments is one thing. To involve Russian servicemen in a conflict is quite another.

If we leave emotions aside and look at the matter soberly, Russian diplomacy does not have too much room for maneuver. By recognizing Moldova's integrity and establishing diplomatic relations with it Moscow has officially given up its claims on the Dniester region. In the heat of emotion, Rutskoy could forget this. During the talks with his foreign colleagues, Kozyrev could not permit himself this kind of forgetfulness.

### In the Event of Intervention, Russia Will Lose Much More Than It Gains

When they demand a revision of the status of the Dniester region our political figures should be aware that if Russia follows their call it will be violating international agreements. It is not difficult to imagine the consequences—the undermining of the new, "civilized" image of our country built up with such difficulty in the eyes of the world community, an inevitable cooling of relations with the West, the probable collapse of the CIS, and the freezing of foreign credits. This must be stated directly from the dais of the congress so that deputies will have a clear understanding of what Russia will lose and what it will gain if it intervenes in the conflict.

What is gained, incidentally, will be very insignificant even if events unfold in the most favorable way for the

"patriots." The Dniester region does not border on Russia, and if it is separated from Moldova it could theoretically be joined only to Ukraine. It must be said that Kravchuk is unenthusiastic about the idea. As to the call to defend by force of arms the rights of fellow countrymen in a contiguous state, this method has already been tested by the Serbs in Croatia, and few of the Russian politicians have any desire to repeat their experience.

The most that Russia can achieve today is to use its own political influence and the presence of the 14th Army to stop the combat actions and convince leaders in Chisinau and Tiraspol to make mutual concessions in the question of the future status of the Dniester region.

This is not a great deal but it is at least something. Despite the criticism being poured on the Ministry of Foreign Affairs for its "passiveness," the quadripartite talks in Chisinau did provide the impetus needed for the peace process. Now the mechanism for a settlement and the sequence of the steps have been made more or less clear. Without encroaching on Chisinau's sovereignty Russia has retained for itself the right to protect the interests of the people in the Dniester region in the event Moldova merges with Romania. Taking advantage of its weight in the UN Security Council, Moscow may, without violating international law, exert diplomatic pressure on Chisinau and obtain concessions in this question.

#### **War in the Dniester Region Is of Advantage Neither to Moscow, Nor Kiev, Nor Bucharest**

The chances for a peaceful settlement in the Dniester region are quite good. The optimism is there primarily because neither Russia, nor Ukraine, nor Romania—the three countries having close ties with Moldova and indirectly involved in the conflict—have no interest in escalating the conflict. The main obstacle on the road to a settlement is the disinclination of the extremist forces in Chisinau and Tiraspol, and, sad though it is, in Moscow.

It is the opinion of the members of the Russian delegation that the three-point plan presented by Kozyrev at the Chisinau meeting could in the longer term become the basis for further talks. Meanwhile, however, the opposing sides have been very guarded in their acceptance of the Russian initiatives. As was to be expected, Chisinau was cool toward Kozyrev's words about the right of the population of the Dniester region to self-determination "in the event of a change in the state status of Moldova."

"You regard us as a stillborn state. There should be no such reservations." This is what Oazu Nantoi, one of the closest advisers to the president of Moldova, Mircea Snegur, told journalists. In private conversations, however, Moldavian diplomats admit that for them this issue is not the most fundamental, and they do exclude the possibility of compromise. But for the people of the Dniester region this issue is of primary significance.

#### **The Dispute About Status: A Republic or an Uyezd**

When talking with Kozyrev the left bank leaders insisted on the status of a republic as part of Moldova. Chisinau rejects this scenario, suggesting the creation of a Dniester uyezd and offering its inhabitants cultural autonomy. "The truth probably lies somewhere in the middle," Kozyrev said at the meeting with the Dniester region deputies. "Moldovans are afraid of the word republic." It is probably not necessary to insist on it. An American state or a Land within the IRO has very broad rights but it is still not called a republic.

#### **These People Are Living Divorced From Reality**

Compromises are necessary on both sides. The constant psychological pressure that is applied with the help of meetings held by those who are irreconcilable on both sides of the Dniester serve only to make the search for mutually acceptable solutions more difficult. Unfortunately few constructive proposals were heard at the meeting between Kozyrev and the Dniester region deputies.

"The impression was created that these people are living divorced from reality," one of the diplomats who was present at the talks confided. "They continue to regard the Dniester region as part of the USSR. In statements made by some of them the words 'we in the Union' were heard. The mass meeting mentality, the categorical stance, and the lack of specificity have hampered acceptance of our arguments."

#### **Rutskoy Has Sown Unjustified Hopes Among the People of the Dniester Region and Caused a Growth in Anti-Russian Sentiment in Moldova**

The appearance of Aleksandr Rutskoy has seriously destabilized the situation in the region. He evoked a new outburst of mistrust of and guardedness against the Russians among Moldovans (the most decisive passages of the vice president's speeches were broadcast on Chisinau radio 10 times in 24 hours). And Rutskoy has sown unjustified hopes among the people of the Dniester region. He has promised the left bank inhabitants more than Moscow can do today. Russia cannot allow itself to interfere in the affairs of a sovereign state, even in the name of protecting its own fellow countrymen.

The more so since closing the Moldavian borders may encourage the separatists in the Russian autonomous formations. And there is another factor. Our involvement in the conflict will evoke anti-Russian sentiments in the republic. And the first to suffer from this will be the Russian-speaking minority, whose interests the supporters of a "hard line" are defending so actively at the congress.

### History of Conflict Over Crimea, Black Sea Fleet Recounted

024C1181A Moscow NEZAVISIMAYA GAZETA  
in Russian 9 Apr 92 p 3

[Article by Igor Torbakov: "The Crimea and the Black Sea Fleet: The Russian-Ukrainian Conflict in Its Historical Context"]

[Text] During the moments of exacerbation of the Russian-Ukrainian dispute over the Black Sea Fleet and the Crimea, the historian must feel a sense of *deja vu*. First dimly, then more and more distinctly, the memory recalls the people, events, contradictions and conflicts of 1917-1918. That was a time of the first collapse of empire and first attempts at sovereignization, that is, a time that was similar in type to the one which we are experiencing today. I am deeply convinced that the study of such typical situations is a matter of some usefulness, since it helps us better understand our present.

The first misunderstandings between Russia (the Provisional Government) and Ukraine (the Central Rada) arose in June-July 1917, immediately after the publication of the First Universal of the Central Rada and the formation of the Ukrainian executive authority (the General Secretariat). The arrival in Kiev of the Russian government delegation made up of A. Kerenskiy, I. Tsereteli and M. Tereshchenko, and the attempt to work out some sort of compromise, which was embodied in the Second Universal, resulted, incidentally, in a government crisis in Petrograd: Most of the Cadet ministers refused to approve the results of the talks and submitted their resignations. On 17 August the Provisional government promulgated the so-called "Provisional Instructions to the General Secretariat of the Ukrainian Central Rada," which had been drawn up by Baron B. Nolde and A. Galpern. Point 2 of the instructions limited the General Secretariat's jurisdiction to just five gubernias (Kiev, Volyn, Podolsk, Poltava and Chernigov), and according to Point 3, the secretary for military affairs was not included on the General Secretariat. The instructions aroused great anger in Ukraine; in his memoirs, V. Vinnichenko calls the document the fruit of the "insulted, malicious and vengeful spirit of the Russian bourgeoisie."

Following the Bolshevik coup in Petrograd, the conflict entered a new phase. The Rada refused to recognize the Council of People's Commissars as Russia's legitimate government. The Third Universal, published 20 November 1917, states directly that "central government does not exist, and anarchy, disorder and destruction are spreading throughout the country." Three days earlier the General Secretariat had announced a decision to extend its jurisdiction to four more gubernias (Kharkov, Kherson, Yekaterinoslav, and Taurida without the Crimea), and also to incorporate the omitted structures, including the secretariat for military affairs, in the General Secretariat. In late November and early

December, relations between the two republics continued to deteriorate rapidly. On 17 December 1917 the Council of People's Commissars sent an ultimatum to Kiev demanding that it immediately halt the disorganization of the front (that is, the actions of S. Petlyura, secretary for military affairs, in organizing Ukrainian troop units and sending them home), prevent the movement of troops through Ukraine to the Don and the Urals, and also abandon all attempts to disarm Soviet troops and Red Guard detachments in Ukraine. In reply, the Ukrainian side put forward its own conditions: noninterference in the republic's affairs, fulfillment of the demand that the forces be Ukrainianized, and noninterference by the Council of People's Commissars in management of the Ukrainian front (the Romanian and southwestern front). However, despite the warning of the beginning of military actions in 48 hours, the Petrograd Bolsheviks refrained from an immediate declaration of war, since the All-Ukrainian Congress of Soviets of Workers', Peasants' and Soldiers' Deputies opened 17 December in Kiev, and the Council of People's Commissars decided to wait for its results. For Petrograd, those results turned out to be extremely depressing. Most of the deputies resolutely supported the Rada. As Vinnichenko writes, "at the slightest manifestation of hostility on the part of the Bolshevik speakers, the peasants raised such a cry that it was absolutely impossible to speak." The Congress adopted an appeal to the peoples of Russia condemning the flagrant interference of the "commissars' regime" in the activities of the Ukrainian government. Then the Bolsheviks moved to Kharkov, where on 24 December 1917 they proclaimed the opening of a new All-Ukrainian Congress of Soviets, which proceeded to form the "sole legitimate" Ukrainian soviet government, consisting of Kiev and Kharkov Bolsheviks. The first thing this government did was send a telegram to Petrograd reporting that all decrees of the Council of People's Commissars were in force on Ukraine's territory. On 17 January 1918, this same Kharkov government declared the Rada an "enemy of the people," and on the next day detachments under the command of Antonov-Ovseyenko left Kharkov headed for Poltava. War began between Russia and Ukraine. At the same time, a model was tested that was subsequently used repeatedly in the USSR's foreign policy: the creation of a "workers' and peasants'" "progressive" government waging a struggle "at its own risk" or requiring the help of "internationalist fighters." This circumstance, incidentally, did not escape the attention of observers. "For Soviet Russia, this was a convenient way out," wrote a contemporary of the events. "Now, it was ostensibly not Russia that was fighting a war with Ukraine, but the Kharkov Ukrainian government that was fighting the Kiev government, now this was supposedly an internal affair of the Ukrainian people themselves. Naturally, this was merely a formality, since the Kharkov government received all its directives from Petrograd and was conducting military operations using the forces of the Russian government."



As relations between Petrograd and Kiev deteriorated, the situation also became exacerbated in the Black Sea Fleet. By the end of 1917, the fleet was, for all practical purposes, divided—as were, incidentally, the ground forces. The *Pamyat Mercuriya* cruiser and the *Zavidnyy* minelayer, which had come from Sevastopol to Odessa during the last days of November, declared themselves Ukrainian ships. The minelayers *Zorkiy* and *Zvonkiy*, as well as the cargo ships *Mercuriy*, *Volya*, *Ostap* and *Borets za volyu* were Ukrainianized in Sevastopol itself. In a telegram sent to the Ukrainian General Naval Committee, Adm Nemets, commander of the Black Sea Fleet, acknowledged the jurisdiction of the Ukrainian People's Republic:

When the Bolsheviks seized power in the Crimea for a while in early 1918, the RSFSR Council of People's Commissars resorted once again to a tried-and-true tactic: On 21 March 1918 the Taurida Central Executive Committee, which had been elected at the gubernia Congress of Soviets, proclaimed the Crimea to be the independent republic of Taurida. This decision, which had been brought from Moscow by a member of the Central Executive Committee, created the formal opportunity to declare the peninsula a "neutral zone." The purpose of this political maneuver was obvious, and no particular effort was made to conceal it. It was to preserve control by the RSFSR over the Crimea and the Black Sea Fleet. TAVRICHESKAYA PRAVDA wrote about this in its 23 March 1918 editorial with the ingenuous candor that was characteristic of that revolutionary time: "The fact itself of declaring the whole of Taurida Gubernia to be a single, autonomous state entity expresses the refusal by the Taurida's revolutionary democracy to recognize the imperialistic ambitions of the bourgeois Ukrainian Central Rada."

"The Central Rada also considers part of the Taurida Gubernia to be its own. According to its Fourth Universal, the northern uyezds of Taurida Gubernia, plus the city of Sevastopol, are supposed to belong to the Ukrainian Republic. Of course, the greedy Ukrainian capitalists, landlords and defense Rada do not consider it necessary to ask the population of the city of Sevastopol whether it wants to join the Ukrainian Republic and whether it recognizes the Kiev Rada's rule over it. The Rada has its own aggressive plans. Its purpose is to subordinate the Black Sea commercial and naval fleets to itself." The editorial ended with an appeal to rise to the defense of Taurida against "the onslaught of the Ukrainian imperialist aggressors."

At that time an extremely bad situation for Soviet Russia really had developed in the Crimea. Having concluded the separate Brest-Litovsk Peace Treaty with the central powers and ensured itself Germany's military report, the Ukrainian People's Republic was gradually recovering from the defeat that the Bolsheviks had dealt it. According to Article 6 of the peace treaty between Russia, on the one hand, and Germany, Austria-Hungary and Turkey, on the other, Ukraine was supposed to be "immediately cleared of Russian troops and

the Russian Red Guard." Russia had also pledged to "promptly conclude a peace treaty with the Ukrainian People's Republic." In late March 1918 contacts began between the UPR [Ukrainian People's Republic] Council of Ministers and the RSFSR Council of People's Commissars regarding the time and place for holding a peace conference, and in April German and Ukrainian troops began the occupation of Kiev. (Although subsequently, on an order from Gen [Kosh], commander of the German forces, the Ukrainian units were stopped and then left the Crimea, maintaining control only over northern Taurida.) It was at this critical moment that Trotsky, people's commissar of the Navy, issued an order to rebase the Black Sea Fleet in Novorossiysk. However, after receiving the order to evacuate the fleet, Adm Sablin, who was commander at the time, and Central Fleet Chairman Knoruz refused to carry out their duties. There is evidence that the commander was conducting negotiations on the establishment of a Ukrainian protectorate over the fleet and Sevastopol.

On 20 April 1918 UPR Prime Minister V. Golubovich sent Baron [Mumm] the German ambassador to Kiev, the following memorandum: "The entire Black Sea Fleet belongs to the Ukrainian People's Republic. It is true that certain units are presently in the hands of hands with which we, with the help of your valorous soldiers, are waging a fight that we hope will soon end. I request that you inform your competent agencies that all vessels of the Black Sea Fleet, without exception, belong to the Ukrainian People's Republic, regardless of the actions of the hands that have seized them, and therefore, under no circumstances can they be regarded as (military) prizes."

However, 10 days later (30 April 1918) some of the ships in the Black Sea Fleet, following Trotsky's order, lifted anchor and left for Novorossiysk.

At practically the same time (29 April 1918) a coup d'état took place in Kiev: the Central Rada was replaced by a hetman supported by the Germans. The new Ukrainian regime fought even more vigorously for the Crimea and the Black Sea Fleet. Here, for example, is how D. Doroshenko, foreign minister in Hetman P. Skoropadskiy's government, a well-known Ukrainian historian and an active participant in the events, argued for the necessity of that struggle: "Ukraine could not give up the Crimea for a number of reasons," he wrote. "Political reasons: an unwillingness to have something right under its nose akin to Piedmont for the restoration of a 'unified and indivisible' Russia; strategic reasons: Sevastopol, the key to domination in the Black Sea, could not be left in foreigners' hands; ethnographic reasons: Ukrainians make up a substantial share of the Crimea's population; and finally, purely economic conditions linked the Crimea to Ukraine so closely that without the latter's support the Crimea would become inviable."

Yet the Germans, stopping the Ukrainian troops' offensive against Simferopol, turned over government of the Crimea to Gen Sulkevich and even permitted him to

form a local government. Unquestionably, such a development of events could not satisfy Ukraine. Literally a few days after coming to power, Hetman Skoropadskiy sent a highly significant note to the German government through Baron [Mumm]. In part, it said the following: "Particularly important for the Ukraine's revival is the establishment of its borders, especially its southern borders, which would give it rule over the Crimea. Acquiring the Crimea would mean that the Ukrainian state was supplied with such important products as salt, tobacco, wine and fruit. Possessing the Crimea would provide the possibility of attracting great sums of money to Ukraine thanks to the opening of new and restoration of old resorts. Moreover, by possessing the southern coast of the Crimea, Ukraine would possess such natural harbors as Sevastopol and Feodosiya. Without the Crimea, Ukraine would be cut off from the Black Sea, having only the Port of Nikolayev in its possession, since Odessa has long since been overcrowded. Thus, without the Crimea, Ukraine would be unable to become a powerful state, especially in economic terms. Being so unnaturally cut off from the sea, Ukraine would inevitably strive to capture that coast, which would result in tension in relations between Ukraine and the state that got the Crimea." Several days later an analogous note to the German government was sent by the Ukrainian foreign minister. "The government of the Ukrainian state considers it necessary for the Crimean Peninsula to become a part of the Ukrainian state," it says. "Economically, politically and ethnographically, the Crimea is closely tied to the life of Ukraine's population. In turn, the Ukrainian state will never be able to develop normally without uniting with the Crimea." Since the difference between Ukraine's new position and the one that was stated in the Third Universal was obvious, Minister of Foreign Affairs D. Doroshenko specially dwelled on this and explained: "Indeed, when the Third Universal of the Ukrainian People's Republic was proclaimed, it established that only northern Taurida, without the Crimea, would belong to the Ukrainian state. But, first of all, the Universal defined in general terms only the principal parts of Ukrainian territory, having in mind that the territories where Ukrainians did not make up the absolute majority of the population would be annexed subsequently. For that reason, the Third Universal did not mention Kholm, parts of Kursk and Voronezh gubernias, the territory of the Don Host, and part of Bessarabia. Nonetheless, it was intended that ultimately these lands would inevitably go to Ukraine." Pointing out the fact that, under the existing conditions, "the question of the annexation of the Crimea by the Ukrainian state has become urgent," D. Doroshenko, taking the Crimea's specific features into account, supposed that "unification could be carried out based on the principles of autonomy."

The Sulkevich government, however, rejected any plans of unification and, in turn, started a campaign against pro-Ukrainian propaganda in the Crimea. In reply, the Ukrainian side took highly noteworthy actions: the Council of Ministers approved a plan for the economic

blockade of the peninsula that had been drawn up by the Ministry of Foreign Affairs. A bitter customs war began. Ukraine banned the shipment of industrial goods and grain into the Crimea and the shipment out of the Crimea of fruit, tobacco and wine. When Sulkevich tried to resist and banned the shipment out of salt, all the railroads on the territory of the Crimea were declared property of the Ukrainian state, and regulations were established that precluded any possibility of their use for the Crimea's needs. The economic situation in the Crimea deteriorated rapidly, and the Sulkevich government was forced to capitulate. In mid-September 1918, a Crimean delegation arrived in Kiev, and as a result of complex negotiations, preliminary conditions for unification were worked out: the Crimea would receive internal autonomy as part of the Ukrainian state, its own parliament, territorial army and administration, and a general secretary for Crimean affairs on the Ukrainian Council of Ministers.

At the same time it was fighting for the Crimea, Ukraine was persistently continuing the fight for the Black Sea Fleet. For the Ukrainian leadership this, in fact, was a single problem. In the aforementioned note to the German government, Hetman Skoropadskiy stated this with military bluntness: "The question of the annexation of the Crimea is bound up extremely closely with the question of the Black Sea Fleet." On the one hand, throughout the entire summer and autumn of 1918 Ukraine defended its rights to the Black Sea Fleet in the course of peace negotiations with Soviet Russia. On the other hand, the Ukrainian government was vigorously insisting that the part of the fleet that had ended up in the Germans' hands as the result of the occupation of the Crimea be turned over to the Ukrainian state. This issue was repeatedly raised by Prime Minister F. Lizogub and the hetman himself during their visits to Berlin. In Kiev a naval ministry headed by Rear Adm N. Maksimov was established.

For a start, the German command (not without pressure from Ukraine) tried to return the ships that had left for Novorossiysk, and in June it delivered an ultimatum demanding their return to Sevastopol. Some of the ships obeyed; the rest, as we know, were destroyed in Novorossiysk Bay.

By the end of the summer the Germans had started to lean toward turning over to Ukraine the ships and coastal fortifications that were under their control. Granted, at first they put forward one condition: the Ukrainian fleet under the Ukrainian flag must enter the Mediterranean Sea in order to make a show of force against the Entente. After the Ukrainian side categorically rejected that condition, the Germans agreed to turn over the fleet unconditionally. In mid-August Capt First Class Svirskiy (who subsequently attained the rank of Rear Admiral) headed for Berlin to work out, together with the German representatives, a plan for the turnover to Ukraine of all the military and commercial vessels



under German control. In October 1918 the crimson Ukrainian naval flag was raised over Sevastopol's coastal fortifications.

The hetman's fall, the new stage of the Civil War on Ukraine's territory, and the subsequent events that ultimately led to the formation of the USSR, seemingly put an end to this issue. However, what seemed to be a full stop, as often happens in history, has proved to merely be a modest comma.

### **Russian Attitudes Toward NKAO Conflict, Armenia Examined**

92US03924 Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 10 Apr 92 pp 2-3

[Article by V. Larin, KOMSOMOLSKAYA PRAVDA special correspondent: "What Is Russia Seeking in the Mountains of Karabakh?"]

[Text] "A great tragedy awaits us in the future. I can see that," said Azerbaijan President Akha Mutaibov.

In a few seconds everything will be over. In the history of the republic, only a shadow of this politician will remain. And the reproaches raining down on his head at this furious hour: "He was unable to create an army and defend the people in time... He listened to Russia when Russia was engaged in its own problems and made excuses with promises... He said that they would help stop the war by political methods, but who helped in Khodzhal when hundreds of corpses of old men, women and children littered the snow-covered slopes?" The accusations remain on his conscience and without answer.

On the day of the president's dismissal, a very highly-positioned individual called Moscow from Baku on the government phone. I later asked him about the results.

"I could not get through to Yeltsin. Or to Rutskoy. The most influential deputies turned out to be very busy people..."

The question: "What is Russia's role in the Karabakh conflict?" will most likely not be clarified in detail in the near future. And that is all.

In the Spring of 1991 the USSR Armed Forces helped in the deportation of Armenians from villages in Azerbaijan territory.

In the Winter of 1992 the 366th regiment was already under the jurisdiction of Russia and openly sympathized with the Armenian side. The regiment fell apart completely: Non-commissioned officers traded in weapons, officers drove away tanks, and soldiers ran in all directions.

In the intervals between spring and fall, Russia prepared the "Zheleznovodsk case" and sent second-rate political figures to Stepanakert. Although, it seems the Russian

deputies came to the NKAO [Nagorno-Karabakh Autonomous Oblast] at their own initiative, thereby intensifying the political confusion.

One soldier who deserted from the sadly infamous 366th said: "I do not understand anything." The tens of Russian mothers whose sons have already perished in the hills, and the hundreds more whose sons have not yet died, also do not understand anything.

President Mutaibov kept the republic from creating its own army or forcefully privatizing the former union army. At the same time, specialists from the 366th regiment zeroed in the fire of Armenian batteries on Azerbaijan villages. A strange, ambiguous and bad situation arose: There are over 500,000 Russians living in Azerbaijan, yet the Russian mass media was full of statements about the "Slavic-Turkic opposition" and the coming "Christian-Muslim conflict."

So what is Russia's role in Nagorny Karabakh? Perhaps there is no such role?

...

Russia's location next to countries professing Islam is just as inevitable as Armenia's being located next to Azerbaijan. The millions of Muslims in Russia and the Russians in the republics of Central Asia and the Transcaucasus, by the very fact of their existence, prove the danger of any political variations on the theme of "Slavic-Turkic opposition." However, in the period of historic cataclysms it is specifically these variations which appear—and here it is important what choice not only the "bordering" countries will make, but also their neighbors.

In this case, the emergence of these variations was preceded by the struggle for power which developed in Moscow in 1985 and which ended, we might add, with the collapse of the empire. The first stage of democratization is beginning—or that which was called this in the campaign for renovation of the party cadres. This campaign, however, encountered such harsh opposition that it was necessary to turn to the people for help and complain about the old guard for its many years of repressions of "the priority rights of the individual" and "historical fairness." The appeal to the people led only to that which it should have led to: The people became strongly politicized. The process went out of control.

Central Asia and the Transcaucasus stubbornly resisted democratization. Moreover—the danger loomed of strengthening the regimes and of direct confrontation with Moscow. And then that emerged which has already been proven for centuries: National opposition.

A man close to Gorbachev—Academician A. Aganbeyan, suddenly announces the "Karabakh question."

It flared up right away. After the first Azerbaijani refugee from Armenia, there followed Sumgait—a massacre of the Armenians. The earth shuddered under the governments of both republics, and they began talking and

shouting at meetings about "the priority of rights and historical fairness." In Nagorny Karabakh there emerged a focus of constant tension—and a guarantee of the fact that the authorities of both republics would find themselves up to their ears in their own problems, and would not leave the protectorate of Moscow. But time passed, the informal movements gained strength—and then they could count on the opposition as a means of exerting pressure on the authorities.

The first to totter was the already shaky economic regime of the communists in Yerevan. It fell, and the leaders of the "Karabakh" committee came to power—long persecuted and for this reason deeply attractive to the Russian new-wave democrats.

However, the regime in Baku stood its ground. Moreover—the republic aspired ever more to the role of a politically independent state, bound to Moscow only through mutual economic benefits. Armenia, which had a very rich financial diaspora abroad, also aspired to the role of leader in the Transcaucasus.

The fire of the Karabakh conflict sometimes died down, sometimes flared up again with new force. The center did not want to take one side or another, since its political benefits lie exactly in the middle.

...

After the overthrow, the new Russian authorities announced that their republic was the successor to the Union. This step led Russia's neighbors and the leaders of the national-territorial formations within its make-up to deep pondering. We cannot say that this pondering was very encouraging.

Already this first step showed a certain inclination by the new leadership toward the variant of forceful management of the USSR, the SSR or the CIS. There was one other variant—following the example of the British Commonwealth, based on full political independence of countries which at one time comprised the empire, and their economic dependence on one another. However, it was unlikely that the Russian diplomats themselves began with a clean slate. The politicians began, and the slate was already half full. The lines written on it contained the hope expressed at meetings for Russia's support of the democratic powers which had already been victorious in certain republics.

The ties of the Russian democratic leaders with Armenia which had been formed back in the struggle for mandates of the first USSR deputy congress, the total victory of the new political forces in Yerevan, and the strong position of President Levon Ter-Petrosyan, the former leader of the Karabakh committee and former prisoner of Butyrok, made it possible to view Armenia as an outpost of democracy in the Transcaucasus. This was unlike Baku, where, in essence, the former system of power was retained with only a slight face-lift. And while before we had occasion to speak of the harsh, insidious policies of the center, now it was ever more often—about the

sympathies inherent for the extremely frank new-wave politicians. In the diplomacy of the CIS, sympathy became even the fashion to some degree.

Because of this, the decisive role in the southern strategy of Russia was played also by an entire series of personality factors. We know very well the names of Moscow deputies who freely resolved the territorial questions of the Transcaucasus in their speeches, and who were fervently supported by the Armenian people who had experienced terrible misfortunes in their history. Only God may judge how sincere they were in their speeches on the road to power—but the policy of Russia in the Transcaucasus today is being formed also by this group of people.

However, at that time the speeches of deputies had a different, less apparent but dangerous effect. They resurrected anti-Muslim and anti-Turkic sentiments in the people and the assurance that: "We are all Christians, we will help each other."

The "Muslim threat" and the "Islamic factor" have long ago become a popular theme also in the speeches of Western politicians. Today Russia's desire to follow in the current of United States policy is apparent—step by step, without stopping to think too much. Yet such clearly frank sympathies and priorities cannot help but put Tatarstan, Pashkortostan, the countries of post-Soviet Central Asia and Azerbaijan on their guard. As well as certain actions.

The Agreement on Friendship and Mutual Defense of Russia and Armenia also leads us to think. The appeals of Azerbaijan about concluding a similar agreement with them have gone unnoticed. The 366th regiment, which was stationed on the territory of Azerbaijan (the Helsinki and Kiev agreements on inviolability of borders?) suddenly became a Russian Special Regiment.

Were the priorities defined? Evidently so.

We can, of course, also see the benefits of the new policy for Russia. The constant tension in Karabakh guarantees a protectorate over the NKAO, which means also an influence over the domestic political situation in Azerbaijan.

When the 366th Russian Special Regiment was totally demoralized, giving its weapons into the hands of various formations, which corresponded to the new priorities, the question of the "forced withdrawal of the Russian Federation from the theatre of military operations" should not have been forced to wait for long. And it did not. Suddenly parliament exploded. Suddenly, letters from soldiers' mothers and demands by deputies poured in. "Let them fight for themselves," said the simple people of Russia, without delving into the strategems of the political and diplomatic game surrounding Karabakh.

Was Russia washing its hands of the situation?

Further, what had to happen was what had to happen. The rather well-armed formations wiped the Azerbaijan city of Khodzhal off the face of the earth. The dismissal of Azerbaijan President Mutalibov, who dutifully attended the meetings of the CIS leaders and who to the very end held himself and his people back from ill-planned actions, was a matter of several hours.

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Some time after the dismissal, President Yakub Mamedov, chairman of the Azerbaijan Supreme Soviet, made an acrimonious announcement, accusing Russia of blatant opposition to Azerbaijan. The Russian president's press service immediately refuted this accusation.

Quiet set in.

The question: "Did they analyze in diplomatic circles those losses which Russia bore due to the ill-planned but very decisive policy in the Transcaucasus" hung in mid-air.

However, the losses—from the MID [Ministry of Foreign Affairs], unfortunately, they could not see this—were much more tangible than the benefits.

The Slavic reference points of Russia force not only Azerbaijan, but also other so-called Muslim republics to hastily seek friends abroad. The political choice of these friends will undoubtedly depend on the character of the republic's spiritual life. But—the more acute the situation in the republics, regardless of the reasons by which it is created, internal or external—the stricter the friends will be in spirit.

The republics are beginning to integrate their economies there, abroad, which deprives Russia of very rich and necessary ties which are being rapidly broken.

Russia has the richest opportunities to receive its Karabakhs. And the fruits of Slavic-Turkic enlightenment, as well as the positions in the Nagorno-Karabakh conflict have already come to a head—Tatarstan, Bashkortostan, and Chechnya.

Perhaps the visit by Minister of Foreign Affairs Kozyrev to the countries of Central Asia and the Transcaucasus was conditioned by some as yet hidden (we would like to hope) changes in Russia's policy. Such visits today are extremely important and necessary. Had they occurred yesterday—they would have been priceless. But Kozyrev visited and left, and no one knows what specific changes in policy and diplomacy will follow tomorrow. In counterbalance to this, one can set one's watch by the visits of diplomats from the Islamic Republic of Iran to Nagorny Karabakh. Evidently, they are convinced that this watch will be the watch of history.

We might add that the Russian diaspora in Azerbaijan also does not share the optimism of the Russian MID regarding the outcome of the visit.

And it is true: The fate of the minorities in the Baltic leaves little cause to rejoice.

"A great tragedy awaits us in the future. I can see that..."

### More on Complaint Against Estonian Discrimination

PM1504141792 Moscow ROSSIYSKAYA GAZETA  
in Russian 15 Apr 92 First Edition p 7

[ITAR-TASS report: "CSCE: People Suffering Because of Disputes"]

[Text] The Russian Federation delegation at the Helsinki meeting of representatives of the CSCE member states has issued a statement about discriminatory measures toward the Russian-speaking population in Estonia. It states that the resolution adopted by the Estonian Supreme Council at the end of February on bringing into force the "Law on Citizenship" aroused concern among the republic's indigenous non-Estonian population.

Since it was a question of arbitrarily depriving one-third of the population of citizenship rights—primarily people of Russian extraction—and this ran counter to the basic pledges adopted by Estonia under bilateral and multilateral agreements, the Russian Foreign Ministry asked the government of the Estonian Republic for appropriate information and explanation. Russia has a right to requests of this kind in respect of other participants in the all-European process, which includes Estonia.

The statement points out that the Estonian side's reply unequivocally confirmed that the said Supreme Council resolution virtually debars a considerable section of Estonia's indigenous population from political activity.

As regards the thesis contained in the Estonian note concerning the continuous succession of Estonian citizenship since 1918, this far from uncontested—in the Russian delegation's opinion—juridical viewpoint must not lead to the arbitrary stripping of citizenship for hundreds of thousands of totally innocent people. It is impossible to deny the fact that Estonia was incorporated in the former USSR after 1940. It is possible to make varying assessments of that fact, but why must people suffer because of these disputes and why must they lose the citizenship of their motherland—Estonia? This would be tantamount to declaring a marriage invalid and at the same time declaring nonexistent any children born in that marriage.

In connection with the aforesaid, the document emphasizes, we declare that it is extremely important for the Russian Federation, as well as for the Estonian Republic, to unswervingly abide by high international standards with regard to ensuring basic human freedoms and rights.

### National Communist View of Islam Examined

92US03364 Moscow NAZIVSIMAYA GAZETA  
in Russian 21 Mar 92 p 3

[Article by Aleksey Malashenko: "Islam and National Communism: Iraqi Foreign Affairs Minister Advises Strong Union, Waiting for a 'Leader of Peter's Stature' to Appear"]

[Text] Let me stipulate at the outset that the concept "national-communism" is no longer adequate when applied to the paradigm of social forces we know. Therefore in the context of this article it is used as a "working term." Tendencies toward liberating nationalistic ideology from the communist mold have become clearly marked today. Nationalism is trying to act on its own behalf. At the same time its two branches are torn asunder: the extreme, chauvinistic one, and the moderate one which is prepared once again to articulate the ideas of democracy and resolutely distance itself from communism.

Whether we like it or not, both tendencies which have been traced in the opposition—read patriotic—press will ultimately find their own niches. Communism with its claims to "Russian-ness" will ultimately depart from the scene because true nationalists do not ultimately need it.

But for now that question, although it may be imminent, is still one for the future...

Russian national-communism has a mixed feeling of respect and fear toward Islam. On the one hand, the authors of a number of the corresponding publications quite recently were rhapsodizing about political stability in the Central Asian republics, which had not become independent at the time. We can give as an example the article by G. Smolin, "Turkestan 1990," which was published in MOLODAYA GVARDIYA at the beginning of last year. It was chock full of enthusiasm about the peace and tranquility the author had witnessed in Central Asia, which at the time had not been much affected by any serious changes. This stability and relative economic well-being is directly linked to the absence in the Muslim region of the powerful democratic wave that swept over the communist system in Russia itself. Tenderness toward the "lack of rebelliousness" (former) of the Muslims, mainly in the Central Asian region, is for the national-communists a good reason to emphasize the destructive nature of the democrats' activity. It is typical that "Werewolves," the anti-Gdlyan book by Viktor Ilyukhin, is printed both by the Uzbek "Norodnoye slovo" and by national-communist "Narodnaya Pravda" in St. Petersburg. (The author does not feel he has the right to give his own assessment of the "cotton affair.")

Are the national-communists aware that the stability—no longer absolute—of the power in the Muslim republics comes not from the rudiments of communist totalitarianism but mainly from the traditions of authoritarianism and a deep respect for the high leader that are inherent in Muslim society?

I think so

In any case, the subject of the Muslim adherence to religious traditions is fairly well represented in their periodical literature. It is no accident that their most respected (although with local humor, beginning on the very first page) publication, the newspaper DEN, write about Islam so regularly and with such respect. Let us also note the fact that DEN offers its pages to the Muslims themselves, especially if they, like the poet from Azerbaijan, Khamidulla Akhars, "do not believe in democracy and its parliaments." And especially if this position is tinged with anti-Westernism

In a certain sense, one can also speak here about the fact that the national-communists are playing their 'Islam card carefully, remembering, perhaps, the position the deputies from the Muslim republics occupied in the USSR Supreme Soviet, the cautious behavior of their leaders in the August events, and in general the restrained attitude toward democratization on the part of the majority of society.

The national-communists' interest in Islam was dictated also by the fact that they have been actively (although, to be sure, not altogether professionally) developing such a capacious theme as Eurasianism. "We are Eurasians! The preservation of the union of Slavs and Turks, Muslims and Orthodox is the essence of the Eurasian idea," writes that same DEN. But the Eurasian idea in the mouths of national-patriots ultimately becomes that same old nostalgia for the USSR. In this respect they are somewhat reminiscent of that fabled king who turned everything he touched into gold. But in this case the imperial-communist idea plays the role of the gold.

Saddam Husayn's alter ego, Tariq Aziz, has become their favorite Muslim politician. In addition to DEN, SOVETSKAYA ROSSIYA and RUSSKIY VESTNIK have published interviews with him... Such publications find the position of the Iraqi Ba'thists acceptable in all respects: T. Aziz is in favor of a strong Soviet Union; he recalls longingly how quite recently goods were sold in the Soviet stores (sic!); he expresses skepticism about Russian democracy; and he is disenchanted with the present politicians and is waiting until a "leader of Peter's stature" appears in our country. So there is almost complete unanimity...

Let us add to all that has been said the national-communists' unstinting support for the Palestinians, regardless what means they use for their struggle, and also their anti-Semitism.

But national-communists would be simply communists if they did not also have a sense of all the complexity of relations between Russia and Islam. Actually, this has to do with the fact that on the pages of national-communist and simply nationalist newspapers and magazines and in the speeches of politicians with these leanings one senses the uneasiness about the former Muslim world and the



change in the overall alignment of forces on its southern border, and also the anti-Russian attitudes among some of the Muslim society.

And here Major S. Silovskiy (again in DEN) writes excitedly about the possibility of creating, with the participation of Turkey, Pakistan, Iran, Saudi Arabia, Egypt, and the former Soviet Muslim republics, an "Islamic strategic consensus" which would be capable of "claiming world dominance and reapportioning the world in the interests of the demographic majority on the planet." And another writer in that same newspaper, lawyer V. Ovchinskii, includes among the forces interested in the disintegration of the USSR "fundamentalism outside the Soviet Union" and "shadow unofficial Islam" (one wonders what he has in mind here). Fear of Muslim fundamentalism has now struck everyone—from G. Bush to A. Prokhanov. Nonetheless, the editor in chief of DEN—who, incidentally, a year ago quite seriously called "Svoboda" the "defender of Islam"—still risks opening up the pages of DEN to Dzhermal Geydar, a person with unusual ideas who does not try to hide his pro-fundamentalist sympathies.

The restrained attitude toward Islam and Muslims displayed in DEN, RUSSKIY VESTNIK, MOSKVA, and NASH SOVREMENNIIK is compensated for by the practically uncensored publications like RUSSKIY PULS or MOSKOVSKIY TRAKTIR. The statements about Muslims published on the pages of the latter are so insulting that it simply makes one uncomfortable to cite them. The rallying cry on the extreme wing of national-communism is the persecution of Russians—"sold out and betrayed" by the present authorities—by the "nationals," including those of the Muslim faith. Thus one of the articles in the St. Petersburg NASHE VREMYA is accompanied by a cartoon depicting a Russian on his knees being kicked energetically by representatives of the former multinational USSR. A figure in a Central Asia robe stands out among the tormentors (true, he has a Semitic nose).

The problem of Islam is inevitably aggravated by the movement of the Cossacks who oppose the separatist attitudes of some of the Muslims of the Northern Caucasus. In the opinion of national communists, in this issue the present Russian leaders have taken the side of the Cossacks' opponents. "It was not as a defender...of the Russian people that he came to Terek," wrote RUSSKIY PULS, commenting on B. Yeltsin's visit to these parts. "The Muslims sensed this immediately." (If only the North Caucasian nationalists would think about this!) One can only sympathize with this leadership, even if they have made quite a few mistakes, because they are nonetheless sincerely striving for a general reconciliation of the peoples.

A basic aspect which keeps the national-communists from more successfully taking advantage of the Islam factor in their own interests is the fact that the "big brother complex" objectively and ineluctably inheres in them. This disease is incurable since it passes only with the death of the patient or with his complete transformation, that is, with his rejection of the major tenets of national-communism. The never-ending judgments—they appear especially frequently in MOLODAYA GVARDIYA—on the subject of "how we did them a favor" sound more and more appealing as they become aware of the details related to the establishment of the power of workers and peasants in Muslim regions. Not to mention the assertions about the relative ease and advantage from the "influx of Russians" as compared to the "colonization by other powers." This approach has an encouraging effect on the leadership and mass media of the new Muslim states, in which many people are engaged in scrupulous calculations of who owes what to whom after decades of living together.

Up until August of last year the sympathies of national-communism were clearly on the side of the Muslims, who in the minds of the "patriots" were almost the same reliable buttress of communism as they themselves were. Now the sympathies have changed and the Muslims cannot be regarded as allies in the restoration of a communist USSR.

Still, there is a clearly marked desire to confront the Russian leadership, and it is equal on the part of both the democrats and the Muslim states. A typical example: Immediately after the "Slavic assembly" in Belovezha Forest, PRAVDA published a note under the sad heading "They Were Forgotten" (the "they" meant the republics of Central Asia).

Additionally, certain articles in the Russian press play up to the national communists, particularly in KOMSO-MOLSKAYA PRAVDA, which is written, as it were, "on the verge of a foul." Apparently, in this case journalists should be guided by Lenin's warning to be extremely careful when dealing with the East, and their opponents in Tashkent and Dushanbe should reconcile themselves to the fact that our free press is indeed still free.

Obviously, in the near future the negative focus will become more apparent in the attitudes of national-communists toward Islam, since from the position of internal logic it is senseless to get excited about the stability in the independent Muslim states. It is becoming more and more convenient to score points by defending the Russian population who have been cast to the will of fate by the democrats and also by criticizing the Yeltsin-Kozyrev foreign policy, which ignores the danger Muslim fundamentalism presents to Russia. And Eurasianism also remains invaluable to national-communism, and it is unthinkable outside the contest of Russian-Muslim mutual attraction.

## POLITICAL AFFAIRS

### Shakhray Discusses Own Draft Constitution

924C11844 Moscow TRUD in Russian 10 Apr 92 p 1

[Interview with S. Shakhray conducted by TRUD political observer Yuriy Lepskiy, date and place not given: "Sergey Shakhray: The Constitution Is Being Born Today To Serve for a Long Time"]

[Text] **The sensation of the congress: The people's deputies were unexpectedly presented with one further version of the Constitution of Russia. The draft was prepared by a working group headed by S. Shakhray.**

[Lepskiy] Sergey Mikhaylovich, I have read through your draft, this complete version of the Constitution of Russia, not some fragments which have been discussed in the lobbies of the congress. Why was yet another version of the constitution needed, and what did you not like about the text prepared by the commission?

[Shakhray] I am a member of the Constitutional Commission and was a representative of the Legislation Committee of the Supreme Soviet of Russia, and for this reason I am conversant with all the results and all phases of the commission's work on the draft constitution. The original draft was very solid and based on a sound legal foundation. But then political processes ensued: concordance, retreats, concessions.... It soon became clear that the Supreme Soviet would accept only a version of the draft constitution which contained a very weak executive. Approximately two months ago it had become clear to us that our own version of the draft constitution was needed. And when it was decided that the congress would open on 6 April, work on the alternative draft became intensive.

We used in our draft all the best that had been proposed by the Constitutional Commission and the Supreme Soviet. The main difference between our version and that offered for discussion is contained in the chapters "The Legislature," "The Executive," and "Transitional Provisions."

We provide for a strong bicameral parliament. Of course, parliament is placed within the framework of the Constitution; more precisely, within the framework of constitutional principles which it cannot change even by passing laws. In our version the president shapes the executive and the cabinet. The nominations for government ministers—there are 12 such in our draft—are examined by the upper chamber of parliament. It has the right to remove this government minister or the other from office. The president does not have the right to dissolve parliament, and parliament does not have the right to remove the president from office, other than in an instance where the president commits a crime.

In principle this is a model of a presidential republic. But the dialectic, in my view, is such: In order to preserve parliamentarism in our country it is necessary to resort

to the form of presidential republic inasmuch as the presidential form of government will be a guarantor of strong parliamentarism. Otherwise national-patriots would simply sweep parliament away.

[Lepskiy] The Constitution, as far as I understand the document, largely determines the life of the people and the state for the historical long term. Does it not seem to you that your draft, like that of the Constitutional Commission also, is an attempt to make the Constitution an instrument of today's political struggle and, altogether, of the struggle of departmental interests; specifically, the interests of the Supreme Soviet and the government headed by the president?

[Shakhray] Well, first, any draft of any constitution is always written under specific political circumstances and cannot be free of them. Second, it is a question by no means of a confrontation of the transient interests of various politicians; it is a question of the principles by which our society is to live and of the type of statehood. And it was not some ephemeral factors which disposed us toward the constitutional version of presidential republic, but quite a close analysis of our society's development trends. It is this form of statehood which is dictated to us by the profound economic crisis, the historical traditions of the Russian state, and the psychological state of the people, who are feeling deeply the disintegration of the Union. This is an open wound in people's hearts. Only a presidential republic is capable of holding back the centrifugal forces now beginning to bring Russia down. And then our version establishes not some present-day political values, but fundamental principles: three powers, a balance between them, and guarantees of competent authority.

[Lepskiy] Have you not been reproached for the fact that the draft was "cut and sewn" for Yeltsin personally?

[Shakhray] I categorically disagree. It is not a question of Yeltsin but of the fact that for Russia a presidential republic is the most acceptable form of statehood. A strong presidency is, perhaps, generally the destiny of great peoples: Take the United States, France.... Our country is multinational, federal. Under these conditions a unifying form of statehood is essential. A presidential republic is the optimum for such a task. So our version of the Constitution is not for Yeltsin, but for a strong president and a great people.

[Lepskiy] Why did you not make the draft public before today?

[Shakhray] Well, you see, the president had approved the concept of our draft, but, as far as I know, it was not his intention to put this draft to the congress as an entire document. This would have exacerbated to the utmost the already red-hot situation at the congress. Yeltsin will present from our draft possibly one or two chapters—on the relations of parliament and president and the formalization of a presidential republic. That is, he will not, of course, break up the two years of work of the Constitutional Commission.



[Lepskiy] But you realize that these two chapters from your draft can hardly be combined with the basic version. This would be the same as attempting to graft a twig to the Spasskaya Tower. The concepts are different...

[Shakhray] Perhaps so. But who told you that the Constitutional Commission's draft has been taken as the basis by the congress? Perhaps now is the time at the congress to decide the question of the principles and concepts of statehood.

[Lepskiy] But what, then, is your forecast? How will events at the congress unfold?

[Shakhray] It seems to me that the present composition of the corps of deputies will not accept our concept. But I do not see anything particularly terrible about this. If parliament and the president are of different opinions, the main judge—the people—should settle matters.

[Lepskiy] A referendum, consequently?

[Shakhray] Why not?

#### **Yeltsin Meeting With Democratic Leaders Recounted**

924C1117A Moscow ROSSIYSKAYA GAZETA  
in Russian 1 Apr 92 p 6

[Comments on 24 March meeting between Russian President Boris Yeltsin and leaders of democratic parties by Doctor of Historical Sciences Boris Orlov, a leader of the Social Democratic Party of Russia, prepared by Pavel Anokhin: "Why Yeltsin Brought Us Together a Second Time"]

[Text] A meeting was held on 24 March between Boris Yeltsin, president of the Russian Federation, and leaders of parties of a democratic persuasion.

**Doctor of Historical Sciences Boris Orlov, a leader of the Social Democratic Party of Russia and a participant in the meeting, shares his impressions.**

I would specify at once that this is not an account of the meeting. Nor a reflection of a narrow party position. It is rather a few thoughts of an eyewitness, who has yet to rid himself of his former journalistic habits.

But to take things in order. The idea of regular meetings between the president and representatives of political parties emerged at the end of last year. It was realized at that time also—in December—this being described in ROSSIYSKAYA GAZETA. The intention was simple—under conditions where the multiparty system is still in the formation phase and the administration chiefs locally are not as yet elected but appointed from above, some system of feedback between the executive and the populace is needed. The new parties which have come into being recently could be this social mechanism. A statement of intent, which specified that the parties support the reform policy, that the president and the

government would consult them on personnel appointments and decisions to be adopted, and that meetings would be held regularly—once a month—was signed

At the December meeting with the president the social democrat Oleg Rummyantsev also proposed a specific interaction mechanism—coordinating and consultative committees, roundtable prototypes, as it were, which are intended to ensure the concordance of the actions of the parties which are a part of it and, correspondingly, support for the reforms.

Yet life has developed according to a different script. A sharp stimulation of the former leading party officials has been observed locally. Noting that the president considers it possible to appoint to the offices of oblast administration chiefs former oblast party committee secretaries, they have decided that their time has far from gone and are continuing to attempt to lead by the old methods. Of course, these people have absolutely no need of any consultative and coordinating committees of any parties. They have their own attitude toward the reforms which are being implemented

As a result we have locally not the development of democratic processes but a backsliding. This was manifested graphically in Voronezh Oblast, where Kalashnikov, the chief of the administration appointed by the president, immediately surrounded himself with former rayon party committee secretaries, recreating the former atmosphere of CPSU-style leadership.

Nor has any interest in the new form of the parties' interaction with the executive been displayed in circles close to the president either. In addition, initiatives of a different kind have begun to emanate from there—the creation of some administrative-public committees in support of the reforms playing, as it were, the part of some single government party, which some people have already called to themselves "Yeltsin's party."

Whence the sharp cooling of interest in the current parties manifested even in the procedure of the allocation to them of premises enabling them to function in even a minimally tolerable manner. Under conditions where a large number of buildings of former ministries has been vacated, the closest associates have contrived to manage matters such that the parties are continuing to sit with their bags packed, awaiting a solution of this problem. This conceals a question of fundamental importance—whether we will develop a normal multiparty system or whether everything will be reduced to some administrative venture with the enlistment of the "public," which would subsequently be called a party.

Such are the underpinnings of the events which developed in the interval between the December and March meetings. On this occasion it was held in the Kremlin, in the room where meetings of the former Politburo were held, about which Boris Yeltsin reminded everyone, primarily A. Volskiy, who had in other times and under other circumstances sat here together with him.

The first point which distinguished the March meeting, in my view, was the fact that the parties which are in direct and open opposition to the Yeltsin government did not participate. This ensured an atmosphere of the discussion which was sparing of the president. There was, of course, criticism, and there were individual sharp evaluations of certain aspects of the government's activity, but the atmosphere of discontent, which is growing among the masses at large outside the walls of the Kremlin and the White House, was not reproduced at the meeting. The advice and the suggestions which were expressed confirmed, as it were, that the processes under way in society are under control and that the "pot will not boil over."

The second point. The social democrats—the cochairman (the author of this publication) and G. Markov, chairman of the Social Democratic Party of Russia Program Commission—spoke on behalf of the New Russia bloc, which has been joined, in addition to them, by the Peasant Party, the People's Party, the Social Liberal Party and the Young Russia Association. To save time, the participants in the bloc set forth their main thoughts on all questions of principle in a composite document, handing this to the president. Vladimir Filin, a social liberal, merely deemed it necessary in his speech to stress a principal proposal of the bloc—terminating the nomination for the positions of administration chiefs of former executive officers of the CPSU and demanding of the institution which is the successor to the KGB that party and state structures be freed from the "Chekists" dispatched to them.

Boris Yeltsin was prepared for this presentation of the issue. He announced that, according to his information, officials of the former CPSU constituted only five percent of the administrative structures locally. People with new, democratic origins constitute up to 80 percent of the administration chiefs. Where, on the other hand, officers of the former CPSU constitute more than 20 percent, a thorough analysis of the situation is required. The president cited the example of that same Voronezh Oblast, where Kalashnikov has been dismissed from office.

Boris Yeltsin emphasized that if inconsistency in pursuit of the policy or reforms is displayed on the part of certain administration chiefs, regardless of their party affiliation, and this is cogently confirmed, a decisive adjustment will ensue. But these facts have to be reported by the local organizations, and they have to be conclusive.

The discussion at the meeting lasted almost two hours. The most varied topics were broached—I would distinguish three of them.

The first was whether the president should remain in close contact with the government, bearing full responsibility for its activity, or whether he should stand aside, symbolizing the supreme authority above the "fray." This idea was expressed repeatedly by Anatoliy Sobchak,

who was present at the meeting. I gathered from Boris Yeltsin's opinions that he has no intention of leaving the government without his support since this would be detrimental to the cause.

The second topic was relations between the Russian Federation and other countries of the CIS. In his speech V. Lipitskiy emphasized that these relations are only just being marshaled and are of a specific nature and that a thorough study needs to be made of all this. Yet the Foreign Ministry of the Russian Federation is failing to take account of this problem. Whence the proposal of the Free Russia People's Party—the creation of the corresponding ministry.

And the third topic was how the president would act if the Supreme Soviet of Russia fails to approve the draft constitution. In Boris Yeltsin's opinion, it would be essential in this case to put discussion of this most important question to a referendum.

But were it all to happen this way, a different scenario of political development would emerge. If the people approve the constitution, the present parliament will be dissolved, and new elections will be scheduled. The first elections on a multiparty basis, incidentally. In this connection I asked Boris Yeltsin a question in somewhat pointed form: Would we be "catching up" with the Albanians in respect of multiparty elections, bearing in mind that such elections have already been held even in this classical citadel of totalitarianism. The president replied that elections of the administration chiefs would be held this December, in any event. In turn, I considered it necessary to remind him about the absence of a law on parties approved by parliament, as also of a law on elections on a multiparty basis.

I have to admit that I had prepared for a sharp speech at the meeting with the emphasis on the fact that the Russian leadership had no concerted strategy of economic and political reforms and that the first stage, connected with price liberalization, is seen by a large part of the population as outright and unceremonious robbery. In my view, the explosive situation needs to be rectified immediately with the help of measures which would find support among the people and whose implementation would not, incidentally, require the intervention of overseas currency funds. These measures include privatization accounts for all, preferred shares for enterprise outfits, the tax stimulation of small and medium-sized businesses, and the urgent realization of land reform with the aid of public committees endowed with special authority (it would do harm learning this from Stolypin).

The morning after the meeting I looked at the front page of KURANTY and saw a graph of Yeltsin's public popularity. The curve slides downward—from 80 percent last September to 43 percent this March. A dangerous trend, to which all political forces need to give some thought.

### Yeltsin Seen Facing Growing Opposition Among Middle Class

924C1130B Moscow NEZAVISIMAYA GAZETA  
in Russian 1 Apr 92 p 2

[Article by Mikhail Kozhokin and Konstantin Medvedev: "End of the Empire or Death of the Country?: The Middle Class Is Switching to Opposition to the Russian Government"]

[Text] A reaction of disintegration, about which many people had long been warning, has proceeded intensively in the Russian Federation also. If the presidential election in Chechnia and its proclamation as an independent republic may still somehow be disputed, the referendum in Tatarstan leaves no room for doubt. The end of the Russian Empire is inevitable. There are thousands of reasons why it is doomed, and there are several hundred books still to be written on this subject. For us living at this time, however, it is a different question: Does the end of the empire mean the death of the country?

If so, we need to either pack our bags or purchase a Kalashnikov assault rifle for there is no other way of defending life and dignity. If not, we will not have long to wait for the Russian authorities to have either conclusively destroyed the country or to have made up their mind to a reorganization of the remnants of empire into a normal unitary state with elements of federalism for its constituent administrative units. What do the Russian upper strata think on this score and how?

The line of the government (the Gaydar-Burbulis government) has been determined: financial stability at the macro-level, the shoving of all social problems down to the local level, and noninterference in enterprise affairs. The implication being that a uniform and stable financial system would force the unification of all both within Russia and within the framework of the CIS. Reality has proven more complicated. Under the conditions of the crisis and the disintegration of the economy the "directors' lobby" locally has preferred a bloc with the national-state elites of the autonomies. The outcome of the referendum in Tatarstan was predetermined back last December, when Gaydar's government signed an economic agreement with Tatarstan and delegated to it authority pertaining to privatization, the issuance of stock by the enterprises, and the implementation of agrarian reform. A clause to which no one in the fever of the disputes paid any serious attention—what percentage of oil produced Kazan would retain for itself—proved decisive: Moscow became superfluous to the enterprise directors. And they moved to ally themselves to the national movement demanding maximum sovereignty for the republic.

An opposition to the government has already taken shape also. It unites highly heterogeneous forces—from communists through democratic romantics of the Yelena Bonner and Leonid Batkin type. But it is by no means its extreme flanks living in the past which constitute the main force of the opposition.

The opposition has acquired a center. A center whose visible tip Ruslan Khasbulatov and Aleksandr Rutskoy are attempting to become, and the foundation is composed of people many of whom attended the meeting on 17 March. The phenomenon of this meeting has for some reason or other not yet been spotted by the media. The most notable thing in Manezh Square were not, after all, the speakers, and not the 1,050 participants who endured all three hours of the meeting, although it is they who have been written and spoken about and they who were shown in closeup on the television screens. The most striking thing was something else—the stream of 30- to 50-year-olds dressed normally and with intelligent faces who came to the square, listened to 15-20 minutes of the clinical gibberish coming from the microphones, exchanged glances among themselves with yearning in their eyes and left. There were many who came and went, very many. One had the impression at times that there were more of them than those standing there with placards.

It is thanks to their labor that some things are still working and functioning in this country, throughout the space of the CIS generally. It was they who a year ago voted perfectly consciously for preservation of the Union and who cannot now deep down get used to the idea of its disintegration. They do not want a return to the past, but even less do they wish to see the death of Russia. They more than anyone are awaiting stability and order for they want to get their work done, not engage in politics, but they see neither a leader nor a movement which they could unreservedly support.

These people may, of course, be called philistines. But, as one intelligent individual said, it should not be forgotten that the Bolsheviks held onto power because they were supported by the middle class tired of the atrocities of war and the destruction of Russia.

A powerful upward impetus toward politicians boosted by the support of the corps of directors, the new commercial structures and the army is coming from this stratum. And it is not legitimate speaking only of the alleged desire of the industrial managers and the officers for a return to the past and of the notorious "party money" in Russian business. The divide now runs along a different line: speculative quasi-market experiments and the inevitable disintegration of Russia or admittedly slower, more conservative, but evolutionary and well-considered reforms with the simultaneous suppression by force (force of application of the law) of all separatist aspirations.

It is these questions which will be discussed by Russia's deputies at the April congress. Yes, the debate will be garbed in the most varied forms: palace intrigues and political chicanery multiplied by ineradicable dilettantism will lend it diversity and color. But the trends of Russia's development have been determined, and whatever the particularities the deputies bring to the microphones, they will be speaking about the common fate.

Nonetheless, far from everything depends on the deputies: The president has not made his choice yet either Yeltsin is completing his final round of consultations with political parties and parliamentary factions prior to making a decision. A decision as to that on which the regime of the president's personal authority will be based: the government and the "national movement of support for Boris Nikolayevich Yeltsin" which it has created, or parliament, which is severely criticizing the present experiments. This will be a choice not only—and not so much—of personalities and associates as of a choice of policy.

The president could, of course, opt for a different path also. Pretend that nothing is happening and that all is going according to some plan (which no national politician, scientist, or ordinary citizen is in a position to understand), carry out a government reshuffle and find a balance between the line of Burbulis, Gaydar, Khasbulatov, Rutskoy, and many others who do not appear as frequently on front stage. The tactics of an ostrich hiding its head in the sand have always been held in high regard by Russian rulers, and as a result Russia has come to be where it is, shouting hysterically about its desire to become a normal state.

#### **Afanashev Questions Leaders' Commitment to Democracy**

924C1130A Moscow NEZAVISIMAYA GAZETA  
in Russian 2 Apr 92 pp 1-2

[Article by Yuri Afanashev: "The Nomenklatura at the 'Popular Assembly: Russian Society Cannot Be Called Civil as Yet']

[Text] A mythologized perception of the universe and a pre- and extra-historicity of consciousness were and remain most important characteristic traits of the general Russian mentality.

The philosophical constructs of oriental cultures give man a perception of himself as a drop in the ocean of infinitely expanding time. The homo historicus of the West knows that behind him are events, people and eras which are irreversible and irretrievable, and this knowledge makes it possible to recover these eras, this irretrievable and irreversible, as a guarantee of the possibility of marshaling what has yet to be, that is, the future.

Essentially all eras of Russian history have been enlisted in our present "domestic" argument about paths of development. The "vertical line" of time once again becomes a "horizontal line" because, like before also, Russia cannot overcome its past and move out into the present day: for our social consciousness the past is not only what has been.

Politicians of the most diverse persuasions—Alksnis and Yeltsin, Burbulis and Rutskoy—speak, it would seem, in perfectly normal contemporary language. But if their speech is subjected to more or less serious semiotic analysis, something more profound is discerned behind

today's terms—a different language. Its content fits well within the "popular assembly" or "conciliarism" category. What is contained in this which is not articulated in modern language?

What is manifested in this way, I believe, is precisely the fact that emerging once again on the historical "horizontal line" of our present are the main landmarks and realities of the "vertical line" of national history. Kievan Rus and the Kingdom of Muscovy and the Russia of the Nicholas's. It is thus, at the collective-unconscious level, that the essential traits of the general Russian mentality are realized

#### **1.**

There has once again of late come to be talk in our country about the government by the people as something authentically Russian, as the basic content and nucleus of the Russian idea. In addition, attempts are sometimes made to present the government of the people as something which has been achieved through suffering by the entire history of Russia, as our national property and for this very reason as a generic property of ours. In this capacity the government of the people is for some contemporary social organizations a root program proposition. This is true, for example, in respect to the Russian National Union—the recently formed anti-Yeltsin bloc, of which both "patriots" and "communists" are members—a kind of "left-right" bloc. "Government by the people" together with "patriotism" and "justice" are, from the viewpoint of the ideologists of the Russian National Union, not only a national tradition but, in addition, a reference point, with which we need to build the future so as not to copy Western models but successively develop our own which is characteristic solely of us; not only the basis of our national distinctiveness but also a beacon and principal ingredient of our—Russian—destiny. Government by the people would not allow us to go astray and head in the wrong direction, specifically, toward Western democracy.

In other words, concepts are being drawn from national history, and events intended to help us discover our social identity, find our place in the universe, and discover ourselves—as a community, as a culture, as a civilization—are being actualized.

The task of mastering these concepts themselves, with whose help we are attempting to overcome the past, recognize the present and peer into the future, is becoming all the more urgent. Concepts formed in the past and events experienced by our ancestors are being transferred to our times, as it were, and they are having to be reinterpreted from scratch and experienced all over again. Among such essential determinants is government by the people—as a centuries-long sequence of events and as a formed concept.

#### **2.**

For me government by the people as an idea and sum total of events is made specific as follows



First, as a concept it cannot be assimilated in isolation from others; that is, a place for it needs to be found in a category with other realities of the past and present contiguous with it and complementing or repudiating it. Of course, this category is given to no one in advance, such a category—one for all—does not exist. I see in this category the popular assembly, conciliarism, authoritarianism, tsarist power, bolshevism, and so forth. It proves for some people something else here, for yet others, something entirely different. But the general rule does not change: If you wish to understand in greater depth, take a broad view.

Then, as I understand it, government by the people becomes a continuation of conciliarism, which I perceive, in turn, as common consent. And this latter is for me simultaneously someone's triumph and someone's prostration, but never a compromise of one and the other. Government by the people based on common consent is the social foundation of authoritarianism, the embodiment of the Russian-Soviet "conciliarism" and the state.

Of course, such an understanding of government by the people is the antipode of Western democracy, which in idea and in events is the concordance of nonconcurrent, opposite interests.

Democracy means dialogue. Government by the people, monologue.

Second, as a historical event, government by the people is for me almost all of national history and it is encountered frequently even where one would simply not expect to encounter it, and having encountered it, does not immediately identify it. In the program revelations of our contemporary Sergey Baburin, for example. Or in SR policy, which always took as a basis the "world" concept: for the SR's the "world"—both Rus in the meaning of the world, the "wide world" and the peasant "village"—meant a community, for them the "world" was also the base attitude and a rejection of Western individualism and, of course, a rejection of private property (as the basis of exploitation). Or in the prevalent ideologem set in motion by Gorbachev of "all together".

Well, and what comes next? Then that same "conciliarism" of the state instead of a separation of powers, instead of a state as an instrument for the establishment of compromise between contradictory interests in the civil society. And then, further, the SR program as executed by the Bolsheviks. A program of the extermination of those who did not consent to the common consent. And our socialist totalitarianism.

But government by the people means not only a concept which needs to be recognized anew, not only historical events which have to be elucidated. It is, in addition, our current reality, through which we have to live. In other words, we have to emerge, finally, from the past into the present day with the help of recognition of our past, by way of surmounting it. And what, in fact, does the reality

through which we are living, our noncontemporaneous actuality which is contemporaneous with us, represent in this sense?

### 3.

Our government by the people today means the nonseparation of powers, the increasing confrontation of power and society, that same traditional Russian democratic insufficiency of ours. It means the latest claim of new authorities to that same conciliarism. In the form of the idea of the organization on the eve of the Sixth Congress of People's Deputies of an Assembly of Citizens of Russia in support of the reforms, for example. That is, in support of the Yeltsin government.

"According to the calculations of the organizers of the Assembly of Citizens of Russia," IZVESTIYA (No. 67 of 19 March) reported, "up to 4,000 persons could participate, and from one-third to one-half will be coming from the localities, what is more."

This report reminded me of the guide's explanation: "Before you is the Eternal Flame. It is lit in our city on Saturdays and Sundays." Still, it is contemplated assembling not some representatives of someone or other but citizens of Russia—no more, no less.

And once again, not in the form of a constituent assembly for the purpose of shaping a system of various authorities and taking account of and realizing the various interests represented today in Russian society but traditionally: in the form of an assembly of Russians—like the All-Russia Popular Assembly or the village gathering—for the formulation (?) of common consent.

Only what about the dissentients, if there are such on Russia's expanses on this occasion also? What to do, for example, with the Tatars, who have conceived a desire, contrary to the wishes of Boris Yeltsin, to have a sovereign state which is a subject of international law? Or with those who, responding to the calls of the "reds and browns" (however distressing this may be to some people), are taking to the streets to say "no" to the policy of the government?

Who knows, might there, perhaps, be those who disagree for the most varied reasons with the "Common Consent of the Citizens of Russia?" How will accounts be settled with them? In Russian fashion: Simply ignore or overcome? In Leninist fashion: To take Tiflis by military force, but not in violation of international law here? In Stalinist fashion?

### 4.

Appearing on television recently, Gennadiy Burbulis, state counselor of the Russian Federation (he is, in fact, first vice premier of the government), also began to speak about authoritarianism and made, as might have been expected, a very "good" and arbitrary interpretation of this concept. To the question as to whether or not

this misfortune threatened us anew, he replied. Yes, but there is nothing so terrible about this—if authoritarianism is understood as authorship, composition, as creativity, that is. For Gennadiy Burbulis this is a regime in which all superiors are authors, but by no means a regime of personal power and dictatorial methods. And not absolute power, which precisely corresponds to the essence of the term which has come to us from the Latin. That is, even etymologically Gennadiy Burbulis understands and interprets "authoritarianism" as he wishes, arbitrarily.

But for us Russians the meaning of this concept is far from exhausted merely by the sphere of etymology. We have endured a centuries-long history of Russian autocracy. Whence such a type of power and why? What are its psychological, social, and geographical foundations? And is this type of power somehow contiguous with conciliarism, and are not absolute rule and authoritarianism allegories of government by the people?

We could for an elucidation of all these questions confine ourselves, of course, to student lecture halls and academic symposia, were not that same easily discernible image of rule looming up on our horizon. Were it not for the ideological and political confusion in the minds of the high-ranking organizers of the present Assembly of Citizens of Russia farce.

It is designed to show the unity of power and people, put pressure on the Sixth Congress of People's Deputies and formulate the common consent of all Russians in respect to the policy of reforms.

None of this will happen. A Palace of Congresses packed with unanimity would remind us, rather, of the Khrushchev and Brezhnev times. And some people would remember also more distant episodes from contemporary national history. Perhaps such a freshening of the memory would help overcome our past and facilitate, if only somewhat, the encounter with contemporaneity.

We also need a show of all-Russian unanimity, which there is not and which, thank God, there never will be. It is necessary to convert policy into a means of the concordance of different interests. This is a commonplace for many people, but not for us Russians. And before harmonizing interests, they need to be shaped. Policy in our country should, in addition, foster the formation of the civil society: the conversion of Russians from wage workers, for example, into proprietors. Or deliverance from illusions and myths in the social consciousness: the illusion, for example, of the state's "conciliarism."

#### 5.

The fact that the team of the first democratically elected Russian president is repeating the path of the president of the USSR, elected "somehow or other," will not, evidently, come as a revelation to many people. If we abstract ourselves from the slight terminological retouching, we are being offered that same ideological

baggage, those same sociopolitical precepts, those same relations of power and society. The actions of the Russian administration are, as before, not simply inconsistent even but convulsive.

The avalanche of decrees and ordinances is not simply not being digested and not being assimilated by Russia but is not even being fixed in the consciousness of the middle and lower echelons of state and economic administration. The antitrust measures are not in fact being implemented, and agrarian reform is being profaned—despite the fact that among the advisers of the new authorities are that same Jeffrey Sachs and the "Harvard School."

Why has the Soviet machinery of repression and political investigation remained virtually untouched? Why is, as before, the process of the preparation of any in any way responsible political decision kept secret? Such questions could be put to the authorities, as before, almost without end. And the main one for current political practice is, probably: Why locally, at the oblast-city-rayon level, is power of a particularly nomenklatura character preserved? "Nomenklatura revanche" is by no means the hyperbole of political pundits, but merely an entirely accurate affirmation of the actual state of affairs.

What has been set forth above is an attempt to partially answer these questions. All the convulsive actions of the administration (we recall, if only, the irrational steps in respect to Crimea and Tataria, the Volga Germans or the Black Sea Fleet) and all the political double images are to a considerable extent explicable by the blindness ensuing because of the unilluminated nature of many of our vital concepts and problems. Remarkable in its way in this connection is the intention expressed by State Counselor Sergey Shakhrai, raising "to an unattainable height" the wages of state officials. As an experiment in the fight against corruption by means of the legalization of superincome, this idea might, possibly, be of academic interest, were the superincome by definition not contemplated for "the servants of society" under the conditions of society's impoverishment. Meanwhile, however, the state counselor's plan would seem senseless shamelessness.

A realistic alternative to the Russian "self-government by the people" has not, evidently, matured as of this time. Society—it cannot yet be called civil—is not in a position to put effective pressure on its "administrators," on the power structures. And the government can permit itself the luxury of abstract "reforming" at the expense of an absolute majority of the population—not in the interests of society but at the expense thereof.

#### Footnote:

\* It would seem appropriate quoting Klyuchevskiy here. He wrote about the Novgorod Popular Assembly: "The assembly was not in terms of its composition a representative institution and did not consist of deputies. Anyone who considered himself a full citizen would come running to the assembly area" (in our case, those whom the



government deigns to invite and the parties which admire it will come to the Assembly of Citizens of Russia). The historian goes on to write: "There could not at the assembly, by virtue of its very composition, have been either a sound discussion of the issue or a sound vote. A decision was arrived at by eye or, we should say, by ear, by the strength of the shouts rather than by majority vote. When the assembly split into parties, the verdict was formulated by the forcible method, by means of a brawl. The side which won was recognized as the majority."

[Dated] 26 March 1992

#### **Popov on Local, National Political Issues**

924C11644 Moscow ARGUMENTY I FAKTY  
in Russian No 14, Apr 92 pp 1, 5

[Interview with Moscow Mayor G. Popov by ARGUMENTY I FAKTY correspondent N. Zhelnorova, place and date not given: "G. Popov: 'The Intelligentsia Is Always in Opposition'"]

[Text] [Zhelnorova] It is said that Khasbulatov lives in Brezhnev's apartment, and you—in his dacha. What is life like in Brezhnev's dacha?

[Popov] I have been living in my own dacha now for 20 years. SOVETSKAYA ROSSIYA has already photographed it.

[Zhelnorova] Can a politician be an honest person?

[Popov] In politics, the main thing is the objective. If I am a politician, then I have the right to maneuver to achieve the objective.

[Zhelnorova] That is, politics is immoral?

[Popov] Why? On the contrary, it is moral. What would progress be, if there were no politics? But this is a special type of morality.

[Zhelnorova] Gavril Kharitonovich, you are being reproached for corruption. In the opinion of many, the mayoralty is up to its ears in bribery.

[Popov] If anyone knows of a specific case of corruption, or personally gave me bribes, let him say so publicly. On the other hand, people come to me every day and complain that they cannot get something done. But, after all, any business in any society is an agreement of the parties. This is a normal process. They have to come to an agreement. Outright extortion is an entirely different matter.

[Zhelnorova] "Money does not speak, but it does a lot." In short, you do not see anything wrong in this?

[Popov] I see something else. As long as we have the present system, there will also be corruption. We will expel some people—others will come, and the same thing will start. This machine will grind anyone down. Another system is needed. If I thought that with a change of the

main character, everything would change, I would not have opposed the bolshevik regime.

[Zhelnorova] Then it is now necessary to establish tariffs for services, so that people do not torment themselves about how much of a bribe is necessary.

[Popov] Perhaps this would be proper. This would be another, more cultured system. I am always nervous, when I do not know how much to give to whom, although you want to show your gratitude to a person. But, it would be simple with tariffs. For example, 10-20 percent of the cost of a transaction. This is what they say in America, 15 percent of the bill. And everyone is satisfied. This is permitted. But additional remuneration is possible for good services.

[Zhelnorova] Residents think that you are selling Moscow to foreign capital, while your own citizens are deprived of your "paternal concern."

[Popov] Capital cannot live without producing commodities, without selling them to consumers, and without letting its workers and employees earn a living.

Unfortunately, there are not many who are ready to plant themselves in Moscow. There are no buyers. But those who would risk it are frightened by this kind of attitude on part of the residents. Moreover, Muscovites are more interested not in whose store it is, but does it have commodities and at what price.

[Zhelnorova] Are professionals or ideological cobelievers more important to you in the mayoralty?

[Popov] There are posts that have a political character. It is senseless to take authority, if like-thinkers are not assigned to these posts. But professionals are needed for a majority of the posts at the municipal level.

[Zhelnorova] You are accused of anticonstitutional statements. You spoke more than once of the need for new parliamentary elections.

[Popov] The question is not that I am against the congress or the Supreme Soviet. If I want to do this in a constitutional way—with the help of a referendum and with the adoption of a new constitution—then this is normal. But if I organized a putsch... This way it will be necessary also to condemn the deputies in the present congress who proposed to express no confidence in the government or Khasbulatov. All of this is bolshevism.

[Zhelnorova] It appears that your plan indeed is to be a perpetual opposer?

[Popov] In the classic form, an intellectual is always an opposer to any system. The intelligentsia does not allow society to perish, and the authorities to become spoiled.

[Zhelnorova] Why do democrats turn into dictators so easily?

[Popov] We automatically think that any fighter against communistic dictatorship is a democrat. In fact, there

are a lot of totalitarians other than those of a bolshevik profile. They fought not for democracy, but for their "own" totalitarianism.

Sometimes a democrat does not withstand the test of authority. He begins to think that democracy will give him not the right to help people arrange their life for themselves, but the right to impose on others his ideas about what is good and bad.

Impatience sometimes leads to dictatorship. I know that only an alteration of the whole system can remove the mud from the streets. But the temptation is very great to send the yard man to jail because of the mud, although experience says: There are others in back of the yard man...

But the main reason for the degeneration into a dictatorship is not knowing ways to get out of crises. I acquired the authority, but I cannot change the situation. Instead of admitting that I had enough of overthrowing totalitarianism, and admitting my personal failure, and leave, I hang on to an administrator's chair or a deputy's seat, and I look for a reason not in myself, but in democracy as a system.

[Zhelnorova] Brilliant orators became dull leaders? Why?

[Popov] These are absolutely different functions. Their merger in one person is a rare thing. As a rule, a talented leader turns out to be someone who is unable to make speeches. Stalin is a striking example. Some shone in their speeches, but he operated off screen. The trouble is not that orators did not become leaders. The trouble was that few talented leaders appeared.

[Zhelnorova] Today, the real authority in Russia is with the democrats. Why is there such a wide gulf between their promises and deeds? After all, "actions speak louder than words."

[Popov] I constantly think about this myself. Democrats never set themselves the task that is ascribed to them: the seizure of power. Our interregional deputy group believed that it would be in opposition for many years. We did not plan the putsch and the victory over them, and the democrats did not succeed in preparing themselves for the leadership of Russia. Their movement, which was joined by everybody—from anarchists to monarchists—united one thing: hatred of the CPSU. As soon as it was overthrown, the democrats split into dozens of parties.

But what kinds of forces formed the new authority? Populist democrats ended up in first place. But they understood that they could not form authority by themselves—there were no personnel and no administrators. Then they proposed a compromise to the former apparatus: to preserve their own places and to work under the new leadership. The apparatus split up. One part went into business, a second—into battle, and a third and main one—accepted the compromise.

[Zhelnorova] But who directs us now?

[Popov] A coalition of the populist democrats and apparatus forces. People of the Gaydar type are allowed there—under certain conditions as consultants. They have nothing to do with personnel appointments on fundamental matters.

[Zhelnorova] Of course, we all came out of developed socialism, but never mind that, as long as there are reforms.

[Popov] The program of reforms has not been able yet to affect the fundamental interests of the population. There is no agrarian reform. It is necessary to sow, but the land has not been given to the peasants. In the fall, we are doomed to purchase grain, in order to avoid famine. Privatization is also going slowly. It is bad that privatized enterprises do not have any tax privileges. And, therefore, it is difficult for them to get on their feet. Reformers are engaged in upper level reorganizations—prices, money, and the state budget. It is time to work on the foundation.

[Zhelnorova] Now, everyone has argued with everyone about state property. Everyone is striving to get his piece of the juiciest morsels. It turns out that every cloud has a silver lining, right?

[Popov] Legislative authority will insist to the bitter end that it be the one to handle this dividing. Executive authority also craves to divide everything. In addition to this, there are the legitimate desires of millions who want to get something. The main problem for the future of our democracy is whether a large part of the people will get out of the former socialism impoverished, or whether they, nonetheless, will get something—like a share on entering the market.

Now, two versions of privatization are emerging. The first—to sell property through an auction is not good in that people do not have money. The second—to give everything to labor collectives is not good in that other people (teachers, officers, and millions of pensioners) will not get anything. I am now fighting for the mayoralty's share of state property, because I know that when the people sooner or later demand their share, I will have something to give.

[Zhelnorova] I think that this will happen very soon. However, both the government and the parliament of Russia also cite the fact that they are taking a share for themselves in order to give it to the people afterwards. Why not give it immediately? Why is it that the Moscow mayoralty supports the seizure of buildings, but it is not giving up cultural and social security facilities; i.e., it is not doing what it promised the people?

[Popov] There was supposed to be an economic distribution mechanism. But, now, everyone comes to me and asks: Give, give.

The Union structure has been eliminated, but the Russian structure has itself taken over the property. The

administrative apparatus has spread out. I protested against this, but in vain. And the Supreme Soviet generally has overstepped the limits: In addition to the "White House," it has two buildings on Kalinin Avenue, and the House of Political Education.

[Zhelnorova] It is clear: Some get a 50-kopek piece and some, a 3-kopek piece. And so, the people do not have any levers of influence on the situation?

[Popov] But why? In such transition periods, it is impossible to give deputies five-year terms. At best—two years.

[Zhelnorova] If the Communists were short on brains, they had enough cunning not to expose their differences to public view. At least this ethic should be observed. But now such mutual insults can be heard between parliament and the government that it makes one sick.

[Popov] The old system was well-knit, and everything was divided there, if you do not consider the details. There were quarrels, but like in a good family, and the neighbors never knew about them. The new system is still being created, and, therefore, it turns to the press. But the press was put in a position that does not exist anywhere else in the world. Now, it is crying and demanding grants. This amazes me. Because when it receives grants, its independence will come to an end.

[Zhelnorova] Will we slip into a new totalitarianism in our political games and fights?

[Popov] This could be, if: 1) we accept the extreme left version of democratic reorganizations (with purges, etc.). The struggle and the carnage will become so acute that they will lead to demands for order, and to dictatorship; 2) the present apparatus will start a fight with the soviets, and, after getting tangled up in it completely, will dissolve all of these representative organs; 3) the reds will unite with the browns, and all together, with the left radicals. This version is the most realistic and the most dangerous of all. It can arise, if we delay with economic reform.

[Zhelnorova] And what, in your opinion, is impeding reforms?

[Popov] The absence of real authority. Why have revolutions occurred? Because there were no economic reforms. A bad order, issued at the right time, is better than a good one that no one executes because it arrived late. We must not wait any longer. The question of time becomes central.

[Zhelnorova] The "mayoralty," the "department," the "prefecture"—what wonderful names appeared in our country, but the situation in the city is worse and worse: Crime is increasing, the streets are filthy, the roads are filled with potholes... Did you really hope that a change of signs would have an effect on order in the capital?

[Popov] The reorganization into a "mayoralty" and "department" started at a time when the city party

committee and the rayon party committees were operating (up to the putsch). We were forced to establish absolutely different structures, in order to destroy the state base of the rayon party committees.

With respect to the crime and filth... Did this really not exist before? That there was cleanliness and order everywhere? If the system of management—any—could solve these problems, then privatization would not be needed either. It would be enough to find a good chief (or tsar)—and everything would be in order.

[Zhelnorova] Are there people before whom we should be embarrassed?

[Popov] There are, of course. And many. I have been a manager for many years. In the scientific soviet, we took away a fellow's science degree only because he was leaving for Israel. I was the chairman of this soviet. What could I do? Declare a protest? That system had its own laws.

Now, a lot is being said about cooperation with the KGB. But I want to ask: Could anyone in those years go abroad on an official trip without going through an interview? If someone says he was able to, then he is lying.

I am guilty before specific people, but I myself do not feel any guilt. I believed that the socialist system was not the worst. Even though it had a mass of defects, it also had promise and a future. I believed, with great reservations, before 1980, before Afghanistan.

### Muscovites Polled on Confidence in Congress

PM1404154892 Moscow IZVESTIYA in Russian  
14 Apr 92 Morning Edition p 3

[Report by Nazar Betaneli, director of the Institute of Sociology of Parliamentarianism: "Only 28 Percent of Voters Trust the Congress To Express the People's Interests"]

[Text] The independent Institute of Sociology of Parliamentarianism has conducted its regular weekly poll of 1,000 Muscovites on the instructions of the Television News Agency program "Itogi" ["Results"]. At the same time, following a proposal from the Russian parliamentary center, the institute conducted a socio-psychological analysis of the speeches at the Sixth Congress of People's Deputies in its first four days of work.

The steep increase in the popularity rating of B.N. Yeltsin's economic policy could be described as one of April's sensations: from 32 percent on 2 April to 44 percent on 9 April. Let me remind you that since February this rating has fallen virtually every week. The reason for this turnabout in social sentiments is most likely of a psychological nature. The economic situation in society has remained practically unchanged in the last seven days. For three weeks in succession—from 26 March—sociological indicators "froze" at virtually the same level: Only 20 percent of people are satisfied with

their lives, and the majority—74 percent—are dissatisfied. The number of people unable to tolerate the price liberalization has also remained practically unchanged in that time, at 40 percent. Moreover there has been a decline in the number of those who say optimistically about price rises—"it is not as bad as it seemed" (from 6-7 percent in February-March, to 4 percent on 9 April).

But if society does not perceive an improvement in living conditions, how come the rating of B. Yeltsin's economic policy has gone up, and so markedly? The reason most likely lies in the exacerbation of the confrontation between the legislative and the executive, between the government and the Sixth Congress.

For a more accurate analysis of the social situation relating to the Sixth Congress, it is useful to take into account the fact that there is evidence of massive disappointment in the effectiveness of the legislative power. After four days' work by the Sixth Congress only 8 percent of Muscovites think that the Russian people's deputies for whom they voted in spring 1990 are justifying their hopes. Only three weeks ago this figure was markedly higher, at 13 percent.

The crisis of confidence today affects all the highest organs of legislative power in the country: Only 16 percent of Muscovites are satisfied with the activity of the Russian Supreme Soviet. The rating of Russian Supreme Soviet Chairman R. Khasbulatov is slightly higher—19 percent unequivocally positive assessments and 17 percent unequivocally negative ones.

The voters' interest in the work of the Sixth Congress is fairly high, and stable (60 percent on 2 April and 9 April), but today only 28 percent of Muscovites trust the Congress to express the people's interests.

In the opinion of certain legislators, the reason for the crisis of confidence in legislative bodies lies in the negative influence of the mass media on public opinion and the public mood. Our research does not confirm this hypothesis. Thus, among those who rely on newspaper publications or television and radio news concerning the work of the Sixth Congress and at the same time believe this coverage to be objective, the level of confidence in the Sixth Congress is much higher: 24 percent of radio listeners, 32 percent of television viewers, and 34 percent of newspaper readers. Among those who do not trust the information in the newspapers or on radio and television, the figure is only 22 percent. So the mass media are having a positive influence on the social face of the Sixth Congress, rather than the reverse.

A week ago, before the Sixth Congress, the majority of Muscovites (70 percent) and 56 percent of legislators did not deem it expedient to raise the question of the government's resignation. Our prediction of the proportions of the groups "for" and "against" the government's resignation was confirmed at the Congress. Since the question of the government's resignation has given rise to a debate at the Sixth Congress and in society, we rechecked the figures. The picture remains the same. Although 70 percent of people are dissatisfied with life and many cannot tolerate the price liberalization, the majority is opposed to the resignation of the Russian Government: 69 percent on 9 April. However, only 30 percent of Muscovites consider the Russian Government's economic policy correct.

What are the reasons for this paradox? In the opinion of the 43 percent of those polled who were able to formulate their position, the Russian Government should not resign because:

	Percentage of those polled
The government should not be changed frequently, it is a waste of time, the problems remain, the government's term in office is not long enough	12.5
There is no alternative, "better the devil you know," there is no guarantee of anything better	11
The government has not exhausted its potential, the reforms must continue	9.2
Resigning is too simple, let them fulfill their promises, then be called to account for everything	4.2
It is a good "team," you can trust it	4.0
The program (the composition of the government) only needs adjusting	2.4

For an analysis of the situation the "Yeltsin factor" is also important, of course—his psychological image in the mass consciousness of the voters. As a result of the "Congress versus president" contraposition that has emerged at the Sixth Congress, a socio-psychological contrast effect has come into play, in defense of the "injured" president. Over the period of the Congress debates, his personal rating has improved markedly—from 28 to 37 percent unequivocally positive assessments. During the days of the Congress the number of Muscovites who support preserving or increasing the president's powers has actually increased—from 52 to 63 percent.

Not only the political leaders, but the voters themselves react to the similarity of a politician's stance with their own. As the speakers at the Congress who best expressed public opinion, 7.8 percent named Yeltsin; 7.2 percent—Travkin; 3.1 percent—Gaydar; 3 percent—Tuleyev; and 1 percent—Rutskoy. The rest—of 27 names that were cited—collected less than 1 percent.

It is interesting that in the mass consciousness confidence in the Sixth Congress is linked to confidence in the Russian Government, among those voters who are opposed to the government's resignation the level of confidence in the Congress is approaching 57 percent.



while among those who are "for resignation" (please note!), only 4 percent have confidence in the Sixth Congress.

The critical mood among deputies is obvious. Approximately half of all the speeches (48 percent) contained criticism. The main targets of criticism were the Russian Government (approximately one-third—31 percent) and President B. Yeltsin—12 percent. Five percent of criticisms concerned the Congress, the factions, and the body of deputies, and a further 6 percent the Russian Supreme Soviet.

Although the start of work at the Sixth Congress was devoted mainly to discussion of the course of economic reform and B. Yeltsin's and Ye. Gaydar's reports, the deputies rarely cited specific theses or views put forward by the president and vice premier at the Congress. Obviously many of the speakers were not thinking in terms of revising or clarifying their own views, and stuck to "makeshift" methods. Only 4 percent of all the opinions expressed dealt with specific points from B. Yeltsin's and Ye. Gaydar's speeches.

Debate or consensus? The main bulk of the deputies' opinions are of the nature of discussion (26 percent) or information (24 percent). Declarations of disagreement (34 percent) are five times more frequent, unfortunately, than declarations of agreement—7 percent.

#### **Makeup of Democratic Forces at Russian Federation Citizens' Assembly**

924C1174A Moscow NEZAVISIMAYA GAZETA  
in Russian 7 Apr 92 p 2

[Article by Tatyana Malkina and Vladimir Todres: "It Seems That the Party of Power Has Been Born: Many Believe That It Is Too Late." Article is under the rubric "Democrats."]

[Text] On the eve of a Sunday meeting of the Assembly of Citizens of the Russian Federation, observers had differing opinions about it. They called it either a "business play for the Constituent Assembly" or a hall room meeting that was called especially to allow the president to test (if he wants to) his pre-congress programs.

The esteemed assembly, however, cannot in any case lay claim to having the role of a Constituent Assembly. More than two thousand participants of the assembly represented only those political organizations which more than once managed to declare their support of the government (in a spectrum ranging from "unconditional" to "qualified" support). At the same time, members of the Organization Committee admitted that invitations to the assembly were determined not only numerically, but also by the "comparative political weight" of parties and political unions. The greatest proportions turned to be those held by the "Democrats of Russia" (Ponomarev), the Russian Union of Industrial Personnel and Entrepreneurs (Volskiy), the NPSR

(Rutskoy), the DPR (Travkin), the Republican Party, and several entrepreneurial organizations [Expansions unknown].

None of the organizers hid the true goals of the assembly. The ill-sorted democrats undertook their regular attempt at creating a "party of power" (it is none other than the "government party").

This time the attempt may prove to be more successful than on previous tries, due to certain changes in the government and party situation. Previous vain attempts by politically active citizens were unsuccessful simply because at the time the proposal clearly outstripped demand. Those attempts ranged from scare-tactic publicity declarations by "Dem-Russia," which rarely questioned the fact that their "Dem-Russia" party was tied in with government power by an undestructible umbilical cord, to a sad reminiscence about the report on intentions, signed by President-Premier Yeltsin and a bloc of loyal parties. Now, however, the government demand (it is both supply and demand) has increased just as swiftly as the inexorable fall in the stock of the cabinet. In the present situation, the needs of the government for the strong shoulder of a multi-party community has led to the new establishment having to look actively for this shoulder, especially inspiring measures similar to those taken by the Forum for Supporters of Russian Reform (passed on Saturday under the aegis of committees supporting reforms) and by the Assembly of Citizens of the Russian Federation. In addition, on Sunday the protocol was initiated for establishing the Coalition for Reform—a bloc of democratic factions from the Russian parliament with the president of the Russian Federation (Gaydar and Borbulis initialed for the president, and the majority of factions from the democratic bloc and individual deputies initialed for the parliament, including even Sergey Filatov). Thus, the striving of many to become the "government party" finally closed ranks successfully with the desires of some people to have this kind of party.

The marketplace, however, is something that is brutal and everchanging. The Assembly of Citizens of the Russian Federation is already forcing people to suspect that the deal appears to have come too late. First, to get a pre-congress bloc ready one day before the congress meets is a bit too late. Second, two basic lines that were charted out at the meeting, one—moderate and constructive (proposed by Arkadiy Volskiy) and the other—aggressive and radical (Democrats of Russia), diverge in front of one's eyes. The first line is supported by industrial personnel and entrepreneurs, as well as by other "Evolutionists," who support incremental action in order to bring society to a decent level. Yeltsin himself designated a closeness to this faction and promised the practicing economists a place in the government. The second line is defended by elemental revolutionary lower

classes, with empathy from the intelligentsia who thirst—as do the lower classes—for multilateral implementation of a policy for post-August purges all the way up to the Supreme Soviet of the Russian Federation.

Accordingly, in view of the fact that the aggressive-radical faction turned out to be more forceful, the organizational conclusion of the Assembly of Citizens of the Russian Federation was marked by the usual scandal. Not having participated in voting for the final document ("An Appeal to the Authorities and the People"), the delegations of nearly all the meeting organizers walked out of the meeting, including the DPR [Democratic Party of Russia], NPSR [People's Party of Free Russia], RPRF [Republican Party of the Russian Federation], the Union of Industrial Personnel and Entrepreneurs, and some other parties and movements....

Having hardly any doubts about the newly born "party of power" somehow beginning its life in some form or other, there is not too much to add, except for avoiding any kind of terminological mix-up: The "Government Party," in Soviet parlance, does not mean at all what it means in the rest of the world. Our "party of power" is not the product of real creativity on the part of the masses who would bring to power (through a party) the government they want. On the contrary, it is the product of the real creativity of people at the top, who can no longer govern in the new way without support from a "government party."

#### **Novosibirsk Democrats Perplexed by Rising Neocommunist Activity**

*924C1174C Moscow NEZAVISIMAYA GAZETA in Russian 2 Apr 92 p 2*

[Article by "Postfaktum": "Novosibirsk Democrats are Worried"]

[Text] The council of representatives of the Novosibirsk Oblast organization "DemRussia" has noted an increase in the activities of neocommunist forces in Novosibirsk.

As reported in the March 31st declaration, distributed in oblast mass media, nearly all positions at oblast, municipal, and district levels, as well as top positions in state sector enterprises, and especially at the VPK [Military-Industrial Complex], are held by members of the party nomenklatura. It is they, according to the authors of the declaration, who blame the present Russian government for the breakdown of the economy.

According to the council of "DemRussia," the Control Department in the administration of the president of the Russian Federation, where the text of the declaration was sent, should take this situation under consideration in its personnel policies.

#### **Gonchar Continues Membership in Democratic Russia Faction**

*924C1174B Moscow NEZAVISIMAYA GAZETA in Russian 4 Apr 92 p 2*

[Article by E.T.: "Gonchar Has Been and is Still a Member of Democratic Russia"]

[Text] At a meeting on Thursday between Nikolay Gonchar and a faction of "Democratic Russia," deputies asked Gonchar to explain if rumors were true that the chairman of the Moscow Soviet had terminated his membership in the faction and is presently one of the leaders of the "Party of Labor." Gonchar answered that he is not a member of any political party, has never taken part in any Party of Labor activities, and has not terminated his membership in the faction. "I have been and still am a member of the "DemRussia" faction," he declared.

### **ECONOMIC & SOCIAL AFFAIRS**

#### **Arbatov Letter Hits Government Policies**

*924A0942A Moscow NEZAVISIMAYA GAZETA in Russian 3 Apr 92 p 4*

[Letter from Georgiy Arbatov, academician of the Russian Academy of Sciences: "Where Did the Money Go? As Before, the Academician Wants to Change the System"]

[Text] Letter to NEZAVISIMAYA GAZETA

I am not satisfied with Yegor Gaydar's answer to the criticism directed against him on 24 March in parliament. Nor with the elucidation given in the discussion that took place in the press. The falsity lies in what is being said—that Gaydar and his young associates are defending reform, but the academicians and "eye doctors" (that is what they degradingly called Svyatoslav Fedorov, the eminent physician, public figure, and business man), are hindering the bold reformers, professionals, and marketeers.

Excuse me, Gaydar's team is not the first, the second, or the third. And, in any case, it does not bring us closer to a market. All that has happened until now is an administrative-monopolistic increase in prices in combination with a whole collection of new taxes and prohibitive measures that obstruct entrepreneurship, and also a delay in privatization.

We have heard a seminar from Gaydar on Western economic theories that is suitable for the third year of a VUZ [higher educational institution]. It was also explained to us that the removal from the people, if not robbery, of their hard earned money, in fact, means the "removal of a monetary overhang." It was affirmed without substantiation that there was success in achieving the beginning of ruble stabilization (in what was this reflected?) and the avoidance of hyperinflation

(it seems that a 1,000-2,000 percent inflation is not quite "hyper," even when a new spiral is planned for the near future?). But the main thing is that Yegor Timurovich said over and over that there were no other solutions, and that they took the only possible path.

Well, this, in my opinion, is the main falsehood. There were other paths. It really was not impossible to get down to serious work back in October. At that time, the kolkhozes and sovkhozes were not completely ruined, the modest savings of the farmers were not devalued, and it was still possible to get credit at a fair interest rate. And why was it not possible then to start a quick privatization of property and a breakup of monopolies? Finally, when it was already decided to hit the bigger part of the population of the country painfully, by unfairly raising prices, why not ease the blow by making the people property owners? Transferring to their ownership the apartments in which they live, distributing a plot of land to them free of charge, and turning over the document to them that gives the right to receive stocks in former "national property" for a fair sum, when it is privatized? But, after all, all of this has been proposed.

Thus, the postulate that this was the only way has yet to be proved. And the longer we go, the more difficult it will be to do this. Because life will become even more difficult, and the people will ask more and more loudly: Why did they suffer, and where did everything go that was taken from them?

A new situation that is unusual for us is emerging: Under conditions of a drop in production, an unprecedented crisis of overproduction has broken out; and besides, against a background of beggarly consumption. Even wages that are decent according to today's measures (say, 3,000-4,000 per month) are barely enough for taxes, an apartment, and food. Indeed, perhaps, for the most necessary of clothing—in order "to cover the private parts."

I foresee an objection: It is then, they say, that the market will start to work. Deprived of demand, industry will begin to lower prices. I think that at some time this really will be so. But is not such a way of moving to a market the height of economic mediocrity, impotence, and inhumanity? To inaugurate full freedom for the monopolistic robbery of the country and its people and to ruin for good older generations that simply will never last until the new upswing? For what? At the dawn of capitalism, two hundred, a hundred years ago, the economy indeed was regulated just that way, according to rapacious laws, despite the costs and the sacrifices. But, today, economies are administered this way perhaps in the Ivory Coast, Bolivia, and in Haiti.

But even this is not enough for our "reformers." Bankrupting the consumer with monopolistic prices, at the same time they are severing the positive beginning of a market mechanism by obstructing production. It is this role that is being played by excessive taxes, but add to them the absolute power of bureaucracy and bribery.

Who can hurdle these barriers on the way to the development of production and entrepreneurship?

Let us also talk sensibly about the market. It is absolutely necessary. But it must not be made into a sacred cow. The market is a means, and not an objective. It must not be forgotten that among countries with a market economy, there are those that are prosperous and those that are in distress. And, historically, the market economy, from the time of Adam Smith, had monstrous costs, along with successes—it went through terrible decades of impoverishment and brutalization of devastated peasants and penurious proletarians, it gave birth to Marxism, and, later, to bolshevism, but, afterwards, to fascism, and only since the 1930's did it enter a period of comprehensive reforms, which also created the modern West, which, in general, was even embarrassed to call itself capitalist. Is it possible that our reformers, and their teachers from the IMF, want once again to put our society through this previously experienced meat grinder—for decades, if not for centuries?

In the administrative command stage, after paying a colossal price for this, our country, nonetheless, became a great industrial power, it achieved a lot in science, technology, the defense industry, in outer space, and culture, and it was able to provide a large part of the population some kind of an elementary, and by current measures, a quite respectable prosperity. Can it not move from this level to the level of a modern Western society along a path that is different from what Gaydar and his team are recommending: At first, pull down the production forces to their foundation, descend to the stage of savage primary accumulation, and, afterwards, once again pass through all of the painful stages of the development of capitalism. Stages, one of which, if everything is left to take its course, can once again take the country either to bolshevism or to fascism.

And from this standpoint, I have prepared a rebuke not only for Yegor Timurovich and his team, but also for their teachers. And also for those economists of the East European countries with whom many of these teachers studied. Was it not from there that the opinion came, pardonable for those remote times and circumstances, that one can move forward only from the "status quo" of the old society that was just abandoned?

I keenly sensed the acuteness of this question, when on 24 March, during arguments in the Russian Supreme Soviet, Minister of the Economy Nechayev spoke extensively about the need for and the inevitability of suffering (but what terrible masochists we continue to be—we always have to suffer!), I interrupted him with the comment: Do you understand that the policy proposed by the cabinet drops our people to another lower qualitative level of life, a life that resembles the conditions of poorly developed countries? That before reform, practically every family in our country was able to have a television set, a refrigerator, and some utensils; it could send a child to kindergarten, and in the summer to a Pioneer camp; although not every year, it could receive,



when going on leave, a voucher to a rest home or a sanatorium, and travel to relatives in other cities, and many could even dream about a car (10 million people have one), and a cottage on a vegetable garden plot of land? And that now all of this has become unattainable?

This question concerns most of all: Where did the hundreds of billions of rubles go that were taken from the people through prices and taxes, and also through the radical curtailment in social consumption funds?

This question is even more pressing at a time when they want to take from the people new hundreds of billions through an increase in prices for various forms of energy. In justifying this measure, they say: But we cannot forever live with domestic prices for oil and oil products that are so different from prices on the world market. In the abstract, this is correct. But specifically, it is not. It is impossible to separate some commodities from others. We always speak of oil and oil products. But manpower? Why does no one want to compare its price with the price in developed countries? In our country, the average wage is more than 20 times lower than in the United States. How can we compare ourselves to them in prices for gasoline and other commodities? In general, how do you calculate prices, and how do you determine whether something is expensive or cheap? In my opinion, there is only one method—a correlation of prices and wages. The rest is an empty abstraction.

Our society, like every other society, established a certain equilibrium in its time, albeit at a low, very low level. A person received a small salary—here the state fleeced him mercilessly—but, at the same time, he could survive, inasmuch as he paid a symbolic sum for housing, many forms of services, elementary food commodities (industrial commodities were expensive relative to wages—here the state, by means of the turnover tax, again dug into people's pockets). Taxes were low, medical service and education were free, and books were cheap. And all of this was the system of life support of the nation and the state. It can be changed, and it certainly has to be improved. But again, as a system, changing the components in the complex. It is impossible to single out the most important components, including energy, which is part of the price of every commodity, without wrecking the entire balanced system. This could end in a catastrophe.

I want to close with this damned question: Where is the money going? For mismanagement, mediocre administration? Or for the maintenance of a huge administrative apparatus and expensive privileges? Or is someone along the way stealing it on fantastic scales?

It is necessary, first, to answer these questions. Then we will talk about the rest.

My purely personal conclusion. Judging by NEZAVISIMAYA GAZETA (of 26 March), Ye. Gaydar accused me, Petrakov, Bogomolov, and Fedorov of the fact that the "academicians want to remain clean and without blame." Indeed, they do, especially because others were

doing the dirtying. There also is no more justification for accusations of an "ignoble" desire "as fast as possible to wash away sins associated with the unpleasant consequences of economic reform." Let those cleanse themselves who devised it, and who have recognized now that the consequences are unpleasant.

#### Commentator Responds to Arbatov Letter

924A0942B Moscow NEZAVISIMAYA GAZETA  
in Russian 3 Apr 92 pp 1-4

[Article by Mikhail Leontyev: "Save the Ruble—Save Russia: About Economic 'Alternatives' to the Government's Program"]

#### [Text] Reform

In October-December of last year, it was possible to argue about the reform policy chosen by the present team and the possibility of its implementation. Today, it has to be admitted that the government to a certain degree achieved one of its primary objectives "to make changes that are irreversible." Its monetary policy has gone so far that there really are no reasonable alternatives to it. Of all of the inoperative instruments of state influence on the economy, the government selected the most inoperative one (inasmuch as no one utilized it as intended)—the monetary instrument, and it attempted to set things straight. It is impossible to say that it is working today like clockwork, it has been misused for too long, but the other instruments are not working perfectly.

The situation is this: The standard of living of the population has dropped sharply, the fall in production is threatening to turn into a crash, and the mental and nerve tone of a majority of the academicians and individual corresponding members is approaching a critical point... And all of this is done for the sake of one thing, so that the monetary and credit mechanism of influence on the economic crisis would start to operate. If it does not start, everything, literally all of the "pessimistic scenarios," will take place: an industrial collapse, famine, a military coup, fascism, and Zionism... And the "alternative" programs indicate this best of all. It is difficult for the zealots of national interests, who accuse the government of selling the country to the IMF, to believe that it is not the IMF that needs this policy, but that we urgently need the IMF to get out of this stinking swamp of a crisis onto a dry shore. And it is their personal problem, if they think that evil IMF officials want to enslave Russia in order to drink their fill of the blood of Christian babies.

Today, the most immediate purpose, and it really is the most immediate, is the achievement of internal convertibility of the ruble at a fixed rate of exchange, because neither the people and enterprises and entrepreneurs, nor foreign investors, will trust any other kind, and it will jump in such a way that no amount of currency resources will be enough to regulate it. Only through a convertible ruble is it possible to achieve market adaptive dynamics of prices and production, inasmuch as consumer prices



even today are swiftly being drawn to hard currency prices both in scale and in proportions. It is for this reason that the freeing of prices for energy forms is absolutely and urgently needed. Normal price proportions should be established so that the "monetary" mechanism works not for grinding down the economy, but for a structural perestroika. Then resources will begin to swing into a highly efficient branch of Russian industry singular for today—the gas and oil extraction branch, which could become the engine of economic growth, and not its grave digger, as it is today.

The financial policy of the government has led to the fact that nonpayments of the enterprises will reach 600 billion rubles [R], indebtedness for direct and hidden (in the form of an endlessly growing card index of debts) credits is growing, and, together with this, there is a general howl on the part of enterprises: "Give..." The question is who will "break" whom: the industrialists, the government, or the government, the industrialists.

Today, the producers, establishing fantastic prices, are orienting first and foremost on barter, and, in general, they do not want to engage in commerce. They need cheap credit, in order to pay wages, inasmuch as resources in accounts are gobbled up by government policy. The aim of the government is to compel them to trade for money; that is, to monetize the economy. It is obvious that prices, which aggregate the increasing nominal costs of a chain of suppliers, will not be lowered in the present situation. And if the government stands like a wall, then, undoubtedly, they will "break" it.

Three versions of the development of the situation can be formed:

1. The government "breaks down," and it begins to pump out a monetary mass. Then all of its efforts lose meaning, hyperinflation starts, etc.

2. The current tough policy continues, monetary circulation dies down, and a sharp decrease in production occurs. As a result, the government breaks down, but, now, in a literal sense of the word.

3. The government loosens the overly tight monetary and credit faucet somewhat, and extraordinary measures are taken to accelerate money turnover, in order to ease the shortage in the monetary mass; some social "pumping" is compensated by the liberalization of prices for energy forms. It is quite obvious that the government intends to take the third path. It is not clear, however: The latest announcement by Minister of the Economy Andrey Nechayev about privileged credits in the amount of R200 billion—is this a subtle maneuver, or did the government already "break down." It is to be hoped that the minister of the economy acted somewhat in a hurry.

If there are no reasonable alternatives to the present policy, then there are as many as you want of the others. A graphic illustration of such an alternative is publicized above in the letter of Academician Arbatov. It makes no sense to analyze Arbatov's strange ideas about the

market and the typical ideas of "easing" the social shock by giving land and factories to a hungry population. In subtly hinting that "Gaydar's team" stole or squandered the people's money they robbed, the academician displays a lack of information that is astounding even to a nonprofessional: This money DID NOT EXIST, and it is an emission that is not backed by anything, and owing to which the former governments covered their obligations to the population.

Today, this population, which never thought about tomorrow, completely rationally relying on these obligations, has ended up in a very difficult situation. The question of whether today the government has any obligations to the population is rhetorical—this state is bankrupt. Moreover, precisely as a result of that policy which Arbatov criticizes [as published]. The obligation of the present government is to remove that "inflationary cornice" that hangs over the head of the population and that is capable of suppressing all attempts at economic revival.

Ruslan Khasbulatov, the chairman of the Supreme Soviet, has long since been playing the role of the national father of all Russian economic "alternatives." It is to him that belong the numerous expressions in the style of "we assigned them, we will sack them."

In an editorial of the semi-official organ ROSSIYSKAYA GAZETA, under the heading "Governments Come and Go, but the Supreme Soviet and the President Remain," after hints at the similarity of "individual members of the government" with characters of Dostoevsky's "Besy," it is asserted that there is one legal authority in Russia—the national assembly. I would like to know whether Ruslan Imranovich does not plan to meet with his constituents?

At the present time, the Higher Economic Council [VES] is Khasbulatov's intellectual staff, which developed the "alternatives" for him, and quotes from which he so kindly gladdens the Russian parliament.

In the structure of Russian organs of authority, the VES, from the very beginning, was an absolutely superfluous institute, established as an honorary sinecure for Mikhail Bocharov, an old companion-in-arms of Boris Nikolayevich. An establishment of a marginal nature, it apparently has a poor influence on the state of its employees, which is indicated by the evolution of its former leader. Deprived of Bocharov, the VES could not help but fall into the arms of the speaker, and, according to estimates, the love became mutual: the boss without a team received a team without an owner.

The logic of the "corrections" presented by the VES through Khasbulatov is quite simple. "Pieces" are being collected that represent the interests of powerful lobbyists of groups in parliament, in industry—of "industrialists," in agriculture—of agrarians, in the military-industrial complex—of "defense people," and in the regions—of "regionalists," and all of this is combined into a common pie, and this is adorned with discussions

on the necessity of continuing the policy for economic reforms and is submitted to parliament. It must be noted that the arguments of the lobbyists are by no means always absurd, and, as a rule, they have a rational basis. It is another matter that the VES does not have any kind of an "alternative," and any kind of, for example, concept of a credit-monetary policy. In principle, that is the way the policy of the government of Silayev was made. In Western practice, this tradition, called "the democracy of group interests" is quite prevalent, and it allows lobbying groups to conduct their own "corrections" by means of an exchange of mutual services. For any stabilized program, which always touches on a mass of group interests, the victor of such a policy is ruin.

An analytical note prepared by a group of experts for the "People's Party of Free Russia" does not claim to be an alternative. This is a document that is intelligent in its content and tone, and it would be unfortunate to err, supposing that the recent changes to the position of the vice president are based on similar expertise. By no means do all of the arguments of the experts evoke enthusiasm, and the recommendations, for example, to prohibit the export of currency abroad denotes a direct discrimination of Russian enterprises with respect to foreign enterprises. Nevertheless, this is actually an attempt at policy correction, but not a sharing of authority.

A lot of complaints could have been made against the policy of the government: There are as many complaints as there are parts. The government is not ideal, neither in the concept that it chose, nor in the methods, nor in the composition. However, today it is impossible not to recognize that any economic policy of any Russian government can be either a continuation of the present one, or ruinous for Russia.

The one thing that it is impossible not to mention: The political team of the present government did a lot to stimulate criticism in the spirit of Petrakov-Arbatov. The mentality that reigns in the Russian leadership directly promotes the "eastern" manner—the writing of denunciations against a higher chief and against his mischievous subordinates. Given such a situation, it is Petrakov, Arbatov, Fedorov, etc., who will be models of loyalty, and, for example, Yavlinskiy, who operates from the position of a nonslandering politician who will be considered the "enemy of the people."

#### **FNPR View on Constitution Debate in Congress**

924A0957B Moscow TRUD in Russian 14 Apr 92 p 1

[Appeal sent by the Russian Federation of Independent Trade Unions (FNPR) to the Sixth Congress of People's Deputies, the Constitutional Commission, and the Russian Federation Supreme Soviet stating its viewpoint on the draft Constitution, as stated by K. Krylov, secretary of the FNPR Council: "What Really Matters in the Law"]

[Text] "Our experts have analyzed the official draft of the Constitution, and the presidium of the FNPR Council has summarized the criticism and suggestions and formulated its proposals on it."

The draft contains fundamentally new sections on the bases of the constitutional system; the basic rights, freedoms, and obligations of citizens; the society; the federal system; the system of authority; and the foundations of local self-government. However, each person would understand the Constitution better if it began with the basic rights of the individual and the people as a whole, and not with a listing of the ideological fetishes about a democratic, legal, and social state. At the same time, economic, social, and cultural rights, not political rights, should follow the personal and civil rights, in our view. And the family should not be cast away to the constitutional background, yielding its position to property, labor, free enterprise, and public associations.

As far as the form of state administration is concerned, it should be combine parliamentary and presidential principles, in our view. A strong executive authority is essential.

It is not difficult to see that trade unions are mentioned very sparingly in the draft Constitution, and there are many prohibitive articles. For this reason, the FNPR proposes its wording of Article 64, which reinforces the legal provision for trade unions. In particular, it is proposed that an entry be added stating that trade unions are independent of political parties, organs of executive authority, and employers, and are not controlled by or accountable to them. All the prohibitions applied to public associations should be excluded as well.

It would be correct to grant the right of legislative initiative to public associations in the person of their federal organs.

#### **Resolution Supplying Foodstuff to Far North**

925D0319A Moscow ROSSIYSKAYA GAZETA  
in Russian 10 Apr 92 p 2

[Decree No. 2681-1 of the Russian Federation Supreme Soviet signed by Chairman R.I. Khasbulatov on 4 April 1992: "On Measures To Secure Deliveries of Products (or Goods) to Regions of the Far North and Equivalent Locations"]

[Text] In view of the exceptional importance of the regions of the Far North and equivalent locations to the economy of the Russian Federation, and for the purpose of the more stable provision of these regions with material and technical resources and consumer goods, the Russian Federation Supreme Soviet hereby decrees:

1. The conclusion of agreements with consumers located in regions of the Far North and equivalent locations on levels at least as high as in 1991 will be mandatory for supplier enterprises and organizations with a view to the economic ties that have existed for the last two years.

The conclusion of agreements between supplier enterprises and organizations and consumers located in these regions will be equally mandatory if deliveries of products (or goods) in 1991 were made in accordance with contracts based on state requisitions.

Supplier enterprises and organizations may not stipulate terms of barter exchange during the negotiation of contracts for deliveries of products (or goods) to consumers located in regions of the Far North and equivalent locations.

2. When orders are placed for products (or goods) to meet republic state requirements, the delivery volumes of products (or goods) shipped by supplier enterprises and organizations to consumers located in regions of the Far North and equivalent locations must not fall below the 1991 level.

3. The provisions of sections 1 and 2 of this decree will apply to enterprises and organizations supplying the containers and other packaging and the materials for their production to the enterprises and organizations supplying regions of the Far North and equivalent locations with products (or goods).

4. The prices of products (or goods) sold to consumers in regions of the Far North and equivalent locations may not exceed the average prices of these products (or goods) the supplier charges other consumers.

5. Supplier enterprises and organizations avoiding the negotiation of contracts for the delivery of products (or goods) to regions of the Far North and equivalent locations and the contracts stipulated in sections 2 and 3 of this decree will pay a fine of up to three times the value of the products (or goods) and containers and other packaging required.

6. To give supplier enterprises and organizations and recipients a stronger incentive to arrange for deliveries of products (or goods) in accordance with the terms of contracts, suppliers will be reimbursed for the full amount of the profit tax on sales of products shipped to regions of the Far North and equivalent locations, and recipients will be reimbursed for 50 percent of the freight costs of shipping goods to these regions with funds from the republic budget of the Russian Federation.

Retail and wholesale trade enterprises and material and technical supply enterprises will be offered preferential procedures for crediting early deliveries of goods. The Ministry of Finance of the Russian Federation will provide for the necessary subsidies for these purposes when the republic budget of the Russian Federation is being drafted.

7. Deliveries of products (or goods) to regions of the Far North and equivalent locations will be made by supplier enterprises and organizations in the full amount specified in contracts, regardless of the degree to which they have fulfilled their production plans.

If suppliers violate the terms of contracts for deliveries of products (or goods) negotiated in accordance with the requirements of sections 1-3 of this decree, the consumer may obtain the necessary materials, crude resources, and components from other suppliers at the going price and charge the additional expense to the supplier enterprises and organizations failing to fulfill contract obligations.

8. The supplier enterprises and organizations failing to deliver products (or goods) according to the terms of contracts negotiated in accordance with the requirements of sections 2 and 3 of this decree will pay the consumer a penalty in the amount of 50 percent of the value of the undelivered products (or goods), which will be charged on a cumulative basis and will include all of the products (or goods) not delivered in earlier shipments until the contract has been executed in full.

9. Products (or goods) not delivered on the dates stipulated in contracts to consumers in regions of the Far North and equivalent locations because of failures to keep up with navigation schedules may be shipped to these regions by the consumers concerned by air or by other modes of transport, with the shipping costs to be charged to the enterprises and organizations failing to make the contracted shipments.

10. The Ministry of Trade and Material Resources of the Russian Federation, its wholesale agent firms, agencies of the republics belonging to the Russian Federation, and the territorial agencies of krais, oblasts, and autonomous territories will oversee the delivery of products (or goods) by supplier enterprises and organizations and the shipment of freight to regions of the Far North and equivalent locations, collect the necessary information from supplier enterprises and organizations, including data on production volumes and deliveries of products (or goods) to these regions and other information, and provide these enterprises and organizations with information.

The councils of ministers of the republics making up the Russian Federation and the executive authorities of krais, oblasts, autonomous territories, and the cities of Moscow and St. Petersburg will render comprehensive assistance in the resolution of problems connected with the delivery of products (or goods) and the shipment of national economic freight to regions of the Far North and equivalent locations.

The councils of ministers of the republics making up the Russian Federation and the executive agencies of krais, oblasts, and autonomous territories exercising their authority in regions of the Far North and equivalent locations will regularly monitor shipments of products (or goods) to these regions.

11. At the request of the Ministry of Trade and Material Resources of the Russian Federation, the State Committee of the Russian Federation for Statistics will keep statistical records of deliveries of production equipment and consumer goods to regions of the Far North and

equivalent locations and the arrival of freight in these regions by rail, sea, and river transport.

12. The Government of the Russian Federation will do the following:

- approve the procedure for organizing supplies and deliveries of products (or goods) to satisfy the needs of the national economy and population of regions of the Far North and equivalent locations and a checklist of the regions of the Far North and equivalent locations (for supplies and the shipment of freight to these regions) within a month;
- consider special conditions for the shipment of products (or goods) to regions of the Far North and equivalent locations;
- investigate the state of reserves of material and technical resources and consumer goods in regions of the Far North and equivalent locations for the purpose of bringing them up to standard levels, with a view to the intervals between navigation seasons and the security reserves in parts of the Arctic and Polar zones and other regions with limited navigation seasons, and in volumes securing the uninterrupted work of enterprises and the welfare of the population of these regions in all other locations, as well as the necessary emergency reserve;
- arrange for the allocation of 1 billion rubles from the Russian Federation budget in 1992 to the Ministry of Trade and Material Resources of the Russian Federation for distribution to its Kamchatka, Magadan, Sakhalin, and Yakutsk commercial agent companies (or firms) to supplement their own working capital collected as state budget revenue;
- plan and approve procedures for the organization of economic incentives for the managers of supplier enterprises and organizations, transport organizations, wholesale agent firms, and commercial agent companies (or firms) for the completion of deliveries of products (or goods) to regions of the Far North and equivalent locations on schedule and in accordance with the terms of contracts, and for the personnel of ministries, departments, and other organizations actively assisting in the attainment of this important state objective;
- appoint one official of the Government of the Russian Federation to assume personal responsibility for shipments of products (or goods) to regions of the Far North and equivalent locations.

13. The implementation of this decree will be overseen by the Commission for Social and Economic Development of the Republics Making Up the Russian Federation, Autonomous Oblasts, Autonomous Okrugs, and Small Ethnic Groups of the Council of Nationalities of the Russian Federation Supreme Soviet.

14. The decree will go into force as soon as it is published.

[Signed] *R.I. Khasbulatov, chairman of the Russian Federation Supreme Soviet*

*Moscow, Russian Soviet House, 4 April 1992, No. 2681-1*

### **Bank Official on Current Cash Shortage Implications**

*924A0957D Moscow TRUD in Russian 11 Apr 92 p 2*

[Interview with A. Zinchenko, director of a main administration of the Central Bank of Russia, by TRUD political correspondent V. Golobachev: "'Because of the Cash Shortage...'" ]

[Text] A sheet of paper over the plant cashier's window reads: "Because of the shortage of cash, wages are not being disbursed. We will notify you of the date of payment through subunit managers." Announcements such as this are not a rarity these days.

There are quite a few people in Russia who have a hard time holding out until payday even in normal times, people who are living not simply below the poverty line, but on the threshold of the physiological subsistence minimum (there are about 30 million of them in the Russian Federation). And now, when they do not receive their wages or pension on time and when there are such exorbitant prices, people are going into debt, selling their household effects, and standing in lines at pawnshops so that they can buy at least a little food.

The failure to disburse wages, pensions, and allowances in the periods of time set by law was attributed at first to purely technical reasons: they are not printing enough money, they said. So notes in larger denominations—500 rubles [R] and R1,000—will be put into circulation, and the problem will be solved...

We will not ask why they did not think about this ahead of time. Another question is more important: it turned out that the problem was not so "purely technical." The large denominations were issued and the situation not only did not improve, it is getting worse. This is becoming a dangerous breeding ground for increased social tension. Strikes are developing here and there.

The dynamics of the increase in debt are as follows. In December, the indebtedness in payment of wages, pensions, and allowances amounted to R13 billion. In January, it was R15 billion, in February R20 billion, and in March it was R39 billion. This means that tens of millions of people are not receiving any money on payday...

But how do bank officials explain the situation? A. Zinchenko, director of a main administration in the Central Bank of Russia, says:

"The R39 billion debt in disbursements in March is from preliminary data—it may be made even more precise. But at any rate, the increase in the debt is very substantial, three times the amount in December. The main reason is that most of the money issued by banks is not



being returned there—it is being accumulated by the public. The slump in the production of goods and the higher prices for them is playing an important role here as well. People cannot afford expensive commodities... But the prices are increasing in particular because wages are being increased, at times without any justification, under pressure from labor collectives. I read recently that workers in the leading trades at several mines in Inta received R40,000 in February. It is hard work, and I won't say anything about that, but R40,000... This is the situation: there are few goods, there is a lot of money, and prices are rising. So we have to raise wages, pensions, and allowances for others—and the chain has been put in motion...

[Golobachev] But we have tens of millions of people living in poverty, you know. We cannot leave them to the mercy of fate.

[Zinchenko] No, we cannot. But everything begins with illegitimate demands for a wage increase. Pumping in money does not improve the situation, you know—it only makes it worse. Well, for example, you received R300 a year ago, but you are getting R1,500 today. There is a great deal more money, but living is much worse. This is not only a matter of the "prices and incomes" race, of course. The most important factor is the decline in production, and there are no incentives to revive it today. We need serious adjustments here, especially in credit and tax policy.

[Golobachev] But once we have entered an inflationary spiral, why doesn't the bank increase the amount of money in circulation?

[Zinchenko] That is what we are doing. The printing presses are working at full capacity. In January, we put into circulation R26 billion more than in December. In February, R26 billion more, and in March R38 billion more... Add everything up, and you have over R90 billion. And in the second quarter, the flow of money is being increased even more—by 45 billion over with the first quarter... The total amount of money is increasing. But I reiterate: the more money that is issued, the faster prices will rise. There is one way out of the vicious circle: revive the economy as rapidly as possible and increase the production of goods—primarily the ones that are especially needed by the public.

[Golobachev] All the same, frankly speaking, will the measures taken to increase the output of money resolve the problem of the huge debt in paying for wages, pensions and allowances over the next month or two?

[Zinchenko] I do not think the problem will be resolved in the next month or two. Although we will try to do as much as possible, including by introducing a checking system, expanding the capacities of the Goznak [State Banknote Factory], and so forth. But not everything depends on the bank. Enterprises are spending huge sums for wages today, but not to expand production. As a result, our economy brings forth billions in idle money every day which is not used to purchase goods. Out of

every thousand rubles being issued by banks for wages, R200 are new, just printed at the Goznak.

[Golobachev] The bank could attract funds from persons who have money by raising the interest for deposits.

[Zinchenko] The Savings Bank is also planning to increase the interest for deposits. Up to 25 percent, let us say... However, because deposits by citizens totaling R350 billion have been borrowed for the state debt, there are practically none. And the state pays us low interest—11 percent for R270 billion, and only 5 percent for R80 billion... Where do we borrow funds for payments at 25 percent, you ask?

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As we see, A. Zinchenko does not really believe there will be a quick solution to the debt problem. In the meantime, the situation is nearing the critical point. Let us add that considerable funds are also being accumulated in nonstate commercial trade structures. And there are other reasons. The debt is increasing as a result. This is dangerous. This is why we need decisive, extraordinary measures. One thing is clear: no matter what the problems are, we cannot deprive millions of people of the minimum amount of money to survive.

#### **Varying Consumer Prices Throughout Russia Reported**

924A0957C Moscow TRUD in Russian 14 Apr 92 p 1

[Article by TRUD political correspondent V. Golobachev: "Prices Are Rising, But Not as Sharply"]

[Text] We wait for these impassionate figures as if they were communiques from the battlefield. The reports from the Goskomstat [State Committee for Statistics] which were extremely boring not long ago and did not inspire confidence, have become intriguing "reading matter" today. Why? It is as though everyone knows whether he is living better or worse without looking at his wallet. That is really the case. All the same, it is important to visualize not only one's family budget, but the overall trends on which tomorrow depends. Just what is going on in the economy—is the rise in prices slowing down?

The latest statistics for March and the first week of April are particularly interesting in this regard. A preliminary quick analysis of the results of inquiries in 132 cities in Russia showed that prices continued to rise during this period, although at a much slower rate than in January and February. But a more detailed study of the materials reveals a very mixed picture, one that is also contradictory at times.

But where is the contradiction? Against the background of an overall—even slower—price rise in April, but a rise nonetheless, there are examples which show that they are not only not rising, but declining. In Bryansk, for example, beef was substantially less expensive in a

number of stores and cost a little more than 53 rubles [R] per kilogram on 7 April. Customers were paying the same price for meat in Shuya. The price of boiled sausage dropped by roughly one-fourth as much (to R60 per kilogram) in Rostov-on-Don and Penza.

Vegetable oil was selling at R10-11 per liter at the state stores in Kursk and Salekhard. Prices dropped by almost one-half in the first week of April for cheese at individual

stores in Tula (R83.4), for cabbage in Pskov (R3), and for onions in Novorossiysk and Obninsk.

There aren't that many examples of price declines, of course—there are about 100 in the Goskomstat report. But they raise hope that in time, when the necessary conditions are created, our market will begin to function normally and prices will be determined not by greedy monopolists, but by demand.

The Highest and Lowest Prices as of 7 April 1992

Product	City	Minimum Price in Rubles per Kilogram or Commodity Unit	City	Maximum Price	Average Price in Russian Federation
Beef, 1st Category	Nakhodka	34.5	Petropavlovsk-Kamchatskiy	126.81	74.56
Animal meat	Angarsk	29.6	Magadan	252	152.59
Milk	Gornyyak	1.29	Ulan-Ude	19.15	5.4
Cheese	Ulyanovsk	68.5	Yuzhno-Sakhalinsk	305.73	116.02
Granulated sugar	Lipetsk	7	Kemerovo	111	21.78
Rye and wheat bread	Apatity	1.65	Vorkuta	9.5	3.39
Men's socks	Kaliningrad	14.75	Vladimir	73.13	33.96
Men's low shoes	Syzran	460	Vologda	3,125	1,145.3
Color television	Voronezh	7,875	Krasnoyarsk	25,300	15,511.4

But at present, the shortage and the decrease in commodity output is making the situation much more complicated in the consumer market. At the time that prices were recorded, beef was not being sold at all in 11 cities, live fish were not being sold in 108 cities, vegetable oil was unavailable in 34 cities, cheese was not being sold in 48 cities, and cottage cheese was unavailable in 34 cities. And even bread was unavailable in dozens of cities. The picture is the same for suits, coats, dresses, socks, and slippers... It is clear that none of this is contributing to a decline in prices.

The quick analysis does not provide an overall index for the price increase in March, unfortunately (calculations are made later on the basis of more extensive data). However, the preliminary materials enable us to assume that the overall price index in March rose within the limits of 25 to 30 percent (it was 38 percent in February, I recall). As we see, the slowdown in the rate is substantial. The prices rose to a greater extent for animal meat and milk, and to a lesser extent for sausage, cheese, and vermicelli...

Knowing just the rate of price increases is not enough to make a judgment about the people's standard of living, of course. It is also important to have data on the extent to which people's monetary incomes have increased. We do not have these materials yet, but a preliminary analysis shows that the earnings of workers and employees in the state sector (and that is 95 percent of the enterprises) lagged behind the price increases in March. Alas, this lag is inevitable at a time in which the worst crisis is being overcome, but that is no help, as they say.

Under these conditions, local authorities bear a great deal of responsibility for providing more social protection for the people, especially those in dire need. I will cite just one example. In Tambov, Penza, and Omsk, milk was being sold on 7 April for R1.32 to R1.43 per liter, but it was being sold in Orekhovo-Zuyevo and Tuapse for R11 and 50 kopecks...

We are going through the hardest period now—studying the market and adapting to it. Not everything turns out, mistakes are being made, and we are getting bumped and bruised. Everyone is learning—from the farmer and the worker to the minister and the vice-premier. So what is the solution? We must correct our mistakes and avoid new ones, but the main point is we must never deviate from the path we have chosen.

#### Impact of Energy Price on Agriculture Rises

924A0913A Moscow ROSSIYSKAYA GAZETA  
in Russian 6 Apr 92 p 2

[Article by L. Kholod, chief of the price monitoring and modeling department at the Russian Ministry of Agriculture: "Everything Should Be Left As It Is in the State Sector"]

[Text] Agriculture has embarked on reform carrying a heavy burden of old problems. Chief among them have been the catastrophic shortages of financial resources, including cash, the violation of equivalency in intersector exchange, and the difficulties caused by the disruption of established interregional links and the resulting shortages of fodders, fertilizers, and so forth.

Unless these and other questions are resolved even the idea of progress in the agrarian sector is inconceivable, even less the development of any new forms of farming in the countryside.

Giving due consideration to the prevailing conditions—the shortages of foodstuffs, the instability in the consumer market, and the nonconvertibility of the ruble—the most correct decision would be to preserve the existing levels of production as much as possible, and the forms that maintain it. And also to pursue a preferential policy with respect to new forms of farming. Such a policy should be expressed in the creation of really favorable conditions to start up and develop production in "young" farms (state subsidies, loans on favorable terms, consulting and technical assistance, deliveries of appropriate equipment, and so forth).

From our standpoint, for production facilities with different forms of ownership it is necessary to apply different principles of management; state enterprises should operate in the conditions of strict economic management that are adequate to them, while private and truly privatized collective farms should operate under market conditions. However, even in the latter case the state should compensate for the lack of development of the market infrastructure by providing transport, marketing, and other services, and helping with the organization of sales of output.

Experience gained in a country with a developed market economy indicates that absolutely free market prices do not exist (they existed only in the era of "wild" capitalism), just as there are no absolutely free producers. One way or another the state does regulate conditions for reproduction in the agro-industrial complex by establishing price limits and announcing recommended prices, and by regulating the incomes of producers in the countryside with the help of tax and credit policy.

The need for state support for agriculture is stipulated primarily by the fact that under present-day conditions it is noncompetitive relative to the more mobile and over-monopolized and better equipped industry, which also depends less on the climatic factor. In general the law that the agrarian sector lags in development is an objective economic law and should necessarily be considered during the process of carrying out the reforms. However, this circumstance has not been taken into account in the reform program. A course has been set toward eliminating all kinds of subsidies in agriculture and sharply cutting funding in real prices for capital construction and development of the social infrastructure in the countryside. In addition, credit policy has been significantly hardened and credit sources restricted.

At this time the question of preferential credit for agricultural enterprises has been decided at the level of the government, but no mechanism for this has yet been devised.

The authors of reform have also failed to pay proper attention to the fact that the postsocialist economy is

distinguished by considerable monopolism. At this time the giant enterprises cannot be privatized, made into joint-stock companies, or transferred to collective ownership without baneful consequences for the economy because a privatized enterprise must be subordinate to the laws of the market while a privatized monopoly is subordinate to laws of a monopoly market.

It is obvious that state antitrust functions should be expressed in strict limitations on the activity of monopoly enterprises. Here the state is called upon to fulfill a function that is lacking in a competitive market, namely, to determine prices and to coordinate deliveries for the monopolists. Simply liquidating and breaking up the monopoly enterprises is unacceptable since that would entail disruption of production.

Unregulated price liberalization has not slowed the effect on the proportions in intersector trade. Prices for industrial output have risen by a factor of 20, and sometimes by factors of 30 or even 50, but prices for agricultural produce have risen by factors of only five to seven. From the first days of the reform, agrarian prices have been running into the limited effective demand of the public. Here a paradoxical situation of excess commodities has taken shape while there is a physical shortage of foodstuffs, which is fraught with a catastrophic decline in production. Moreover, all sovkhozes exist only in card indexes. The countryside has been destroyed.

Introduction of the value-added-tax, which under our conditions has only a remote similarity with that tax in countries with a developed market economy, has worsened the situation, distorting intersector cost proportions even more. For agriculture and the extractive sectors and for the public, the introduction of this tax has negative consequences since those in the most vulnerable position in this case are the primary sellers and subsequent purchasers, and they are both.

In conclusion it is necessary to deal with the government's plans to further liberalize prices, first and foremost with respect to freeing prices for energy sources. If the price of a tonne of crude oil reaches 2,500 (currency not specified) then agricultural output will become on average 15 times more expensive.

The plans of the government of Russia to insure the sale of petroleum products and other energy sources to the countryside at present prices, with compensation for the difference from the budget is a task beyond the power of the budget and indeed scarcely possible at all. Thus, according to calculations made by experts from the ministry, the direct increases in prices for energy sources alone delivered to the agro-industrial complex within the limits set will lead to an increase of about 400 billion rubles in prime costs.

Government policy needs major amendments. To "move into" the market and the world economy in one year is impossible, and there will be no miracles or revolutions in the economy.



### Officials on Social Security Protection Legislation

924A0957A Moscow ROSSIYSKAYA GAZETA  
in Russian 13 Apr 92 p 2

[Response to appeals from trade unions by M.A. Mityukov, chairman of the Legislation Committee of the Russian Federation Supreme Soviet; N.V. Fedorov, Russian Federation Minister of Justice; Ye.T. Gaydar, first deputy chairman of the Russian Government and minister of finance; and S.M. Shakhrai, deputy chairman of the Russian Government and state adviser: "Interpretation of Individual Questions in the Administration of State Social Insurance"]

[Text] A great many appeals have been sent lately to the Supreme Soviet, the president, and the Government of the Russian Federation by Russian trade unions that are not members of the Russian Federation of Independent Trade Unions (FNPR) concerning illegal actions by the FNPR and certain representatives of state organs in regulating the administration of state social insurance.

In particular, appeals have been received from the "Yedineniye" [Unity] Trade Unions of the Russian Federation, the Independent Trade Union "Svobodnyy Trud" [Free Labor], the Independent Trade Union of Miners, the Association of Trade Unions for Cooperative Enterprise Employees, the "Makkip" Association of Free Trade Unions, the Russian Federation of Trade Unions for Air Traffic Controllers, the Russian Confederation of Trade Union Associations, the Russian Association of Cockpit Personnel, the Independent Journalists Trade Union, and a number of others.

Sharp protests have been aimed primarily at illegal attempts by the FNPR leadership and the Russian Federation Social Insurance Fund which it controls to monopolize administration of social insurance in Russia and representation of all workers in Russia on other matters at a time when most of them are members of unions that are not FNPR members or not trade union members at all.

We consider it necessary to make the following points clear with respect to the appeals cited:

1. In conformity with universally recognized standards of international law and the Constitution and laws of the Russian Federation, trade unions in the Russian Federation are established and function freely, are not subject to state registration, and possess equal rights in all aspects of their activity, including the right delegated to them by the state to administer state social insurance for the enterprises, institutions and organizations for which trade union organizations associated with an appropriate trade union were established.

These provisions, in particular, were consolidated in Articles 20 and 23 of the Universal Declaration of Human Rights; the Universal Declaration of Trade Union Rights; Articles 8 and 9 of the International Pact on Economic, Social, and Cultural Rights; Article 22 of

the International Pact on Civil and Political Rights; the Convention on Freedom of Association and Protection of the Right to Organization; Articles 6 and 7 of the Constitution of the Russian Federation; Articles 225, 226, and 230 of the Code of Labor Laws of the RSFSR; Russian Federation Supreme Soviet Decree No. 2057-1 of 18 December 1991 "On the registration of public associations in the RSFSR and the registration duty"; the Russian Federation president's decree of 26 October 1991 "On providing for trade unions' rights in the transition to a market economy"; and a number of other legal standards.

2. In conformity with the standards cited, no trade union or federation, confederation, or other association of trade unions in the territory of the Russian Federation may possess any legal privilege over the others and it does not have the right to claim this.

The RSFSR Council of Ministers and FNPR Decree No. 800 of 25 December 1990 "On improvement in the management and procedure for financing social insurance for workers in the RSFSR" and the Russian Federation and FNPR Council Decree No. 5 of 4 January 1992 "On improvement in administration of the Russian Federation Social Insurance Fund in 1992," as well as the Temporary Statute on this Fund which is in effect until they are signed by the trade unions, are extended by the FNPR leadership only to the trade unions which are part of the FNPR or have concluded special contracts (agreements) with it stipulating all the mutual rights and obligations of importance to the sides in the administration of social insurance. The normative documents cited are not extended to all other trade unions.

Enterprises, institutions, and organizations which have no trade union organizations in the FNPR system, as well as farmers and other physical persons engaged in individual (private) labor activity who are not members of trade unions in the FNPR system, have the right to choose a trade union independently to perform the function of social insurance administration on their behalf.

3. Based on the right to administer state social insurance stipulated by Article 226 of the KZoT [Code of Labor Laws] of the RSFSR, each one of the republic's trade unions which is not a member of the FNPR has the right to form its own social insurance fund and regional branches of the fund, and to have appropriate bank accounts which are independent of the FNPR and the Fund and branches under its control.

In conformity with laws of the Russian Federation, normative regulation of the activity of such funds must be implemented by drafting and adopting statutes on these funds in coordination with the Russian Federation Ministry of Justice and Ministry of Finance. The insurance tariff on payments to the funds, regardless of their trade union affiliation, must be calculated in conformity with Russian Federation Supreme Soviet Decree No. 2126-1 of 27 December 1991 "On the insurance tariff on



payments to the Russian Federation Social Insurance Fund" (5.4 percent of the wages credited).

4. Any orders or instructions by banking and other organs of state administration, as well as by the management organs of trade unions, which contradict the Russian Federation laws in effect (including those on monopolization of trade union activity) are not to be implemented, and those guilty of their promulgation are to bear the responsibility established by law, including criminal responsibility under Article 137 of the Criminal Code of the RSFSR, for violating the legal rights of trade unions and hindering the activity of trade unions and their organs.

5. In connection with the fact that normative documents are now being drafted in the Russian Federation Supreme Soviet and Government which are aimed at improving the administration of state social insurance and providing for trade unions' legal activity (including the effort to make the laws conform more fully with international legal standards and the regulation of property relationships between trade unions and the state), we would think it advisable to recommend that all Russian trade unions participate actively in this work and send their suggestions to the Legislation Committee of the Supreme Soviet and the Ministry of Justice of the Russian Federation.

## REGIONAL AFFAIRS

### Growing Separatist Movement in Siberia Assessed

924C1158A Moscow NEZAVISIMAYA GAZETA  
 in Russian 2 Apr 92 p 2

[Vladimir Todres article: "A White and Green Spring? At the Congress Khasbulatov Will Help the Siberian Oblast People Willy-Nilly"]

[Text] Last weekend the indefatigable man from Tomsk, 43-year-old deputy of the oblast soviet and leader of the Siberian Party, Boris Perov, became a star of Trans-Ural television when he proclaimed from the dais of the Krasnoyarsk congress the promised "March theses" on Siberia's secession from Russia. However, in the hall he won only sparse applause, and the press was indifferent. Along with the proposed sensation of a "Siberian Republic" boring "decolonization measures" bore no comparison.

Paradoxically, all "decolonization measures" in the history of Siberia have been started one way or another by "sovereign governors." The first, it seems, was the governor from Tobolsk who spoke out against the building of the Trans-Siberian railroad on the grounds that all the grain would be exported along it and the living standard would fall to the same level as in the central provinces. A little later the city chief in Yeniseysk could not reach agreement with St. Petersburg about the duty to be paid for the passage of ships along that great river, when he mentioned the following: "If the government constantly turns its ass toward Siberia, it can hardly expect to have

it have it kissed." Things developed from impotent intellectual separatism to this kind of free-thinking only toward the latter end of the last century under the leadership of Grigoriy Potanin. Meanwhile, for like-thinkers Russia was merely a possible trading partner, just the same as America or China, no better no worse... However, the white and green banner was flown by the oblast people over Siberia for only a few months, during the disturbances of 1918. It was taken down by the cadets of the Provisional Siberian Government and finally buried by Admiral Kolchak.

It is common knowledge that like a corkscrew our history moves more quickly with each subsequent turn, but the sequence of events is preserved. The gathering on the Yenisey signified the heyday of the "governors' period" in the second wave of Siberian provincialism.

The "process passed" and the simplest thing is to describe it as "the creation of communist reserves." However, the easy road has always been the most incorrect, and the Krasnoyarsk congress appeared to observers as a truer unification of yesterday's enemies. The famous Aman Tuleyev and the chairman of Krasnoyarsk Kray Soviet, the recent member of Democratic Russia, Vyacheslav Novikov, are demanding that the center recognize the same state-and-legal status for the former autonomous krais and oblasts and the right of a kray or oblast to promulgate its own laws. The prospects for the Russian Federation here, free from religious and ethical stratification, and the scenario of "nomenklatura revanche" describe what is happening with about the same degree of accuracy as the theory of the "national liberation struggle": The former party economic aktiv applauds and votes without distinction away from the democratic winners as soon as the question of "Siberia being seized by Moscow" arises, and taxes must be collected according to the same system, while trade in raw materials is licensed at the local level.

In Moscow they understand quite well what these demands mean, even without any kind of declarations about "Siberia republics." Some six months ago the same blade was used on the USSR when it was in its death throes. And if we recall Gaydar's admission that the Russian economy is still alive only because of Siberian oil, gas, and gold, then the transfer of this power from the center to the local level becomes quite problematical.

However, what waits there now is not the empire of the 1890's, but the disintegration of the 1990's, and Trans-Urals Russia is now bravely turning the other cheek for a kiss on the "ass." The president's representative in Krasnoyarsk Kray, Yuriy Moskvich, loves to show diagrams demonstrating that exports from the region are constantly growing, mainly raw materials, while imports are consumer goods. This is not surprising, but something else is: During the past year exports have tripled, while the prices for those exported goods have fallen by half... In his spare time Yuriy Moskvich writes notes to

Moscow about the "compradore policy of the local authorities." But it is quite obvious that the progressive paralysis of the federal authorities and their rhetorical cries serve only to feed separatist tendencies.

Moscow's weakness has apparently also been felt in the regions that operate at a loss (those without raw materials) that are accustomed to the center's patronage. It is as if they have changed their orientation and are now scoring points off their rich neighbors. Who could have suggested that the people of Altay at the congress would outrun the heavyweight oblast people from Tyumen and Novosibirsk in their belligerent characteristics?

The separatist attempts themselves are unique, particularly if we take into account the fact that the main industrial potential of Siberia is still the defense industry. The head of the Krasnoyarsk Kray Soviet, Vyacheslav Novikov, explained to me the essence of future privatization as a gradual denationalization in which first violin will be played by demonopolization and the creation of subsidiary structures and market formations (concerns) within the military-industrial complex. The threat of total corruption? Novikov believes that it has not yet happened, and the percentage of deputies and workers in the local administration who are personally involved in the creation of these structures is still quite small.

However, with respect to the organization of concerns, work of that kind is nothing new for the local authorities. The autumn before last the soviets in the krays and oblasts brought into being the Sibirskoye Soglasheniye Association to "coordinate efforts to revive the regions of Siberia under conditions of the transition to the market." The association is led by the council of heads of the kray and oblast administrative authorities. Each territory immediately welcomed the newborn with a gift of half a million rubles (R), and since then the contributions have continued regularly into the executive directorate of the association, proportional to the number of inhabitants (Krasnoyarsk Kray, for example, has already donated R1.5 million "for revival"). Notwithstanding, the association remains a dark horse for the public. A journalist from Krasnoyarsk who showed an interest in a functionary of Sibirskoye Soglasheniye and in documents pertaining to it, heard this in response: These documents are confidential and "can be presented only by the president himself." A memorandum did, however, appear at the Siberian soviet congress, making public the fact that, it turns out, the association is implementing numerous programs and setting up quite a few joint-stock companies in the matter.

However, despite all the signs, for Siberia sovereignization has not yet acquired the invincibility or power of an icebreaker on the Ob River. In any event, rumors about a general breakthrough are greatly exaggerated, and the splintering into regions has not occurred in the space

from the Urals to the Pacific. Despite all the invitations issued to the congress, the former autonomous formations did not come, showing once again that they are living their own lives and are reluctant to enter into any "alien" isolation. The Far East totally ignored the gathering (as it has other general Siberian initiatives). Now Chita Oblast is also having nothing to do with it, and with the same consequences. Local observers are claiming that it is true that in Chita they are hoping for the creation of a Siberian economic zone (which will be decided in Moscow) and rapprochement with China, and for this reason do not want to compromise themselves with the center and enter into friendship with the dubious company of the oblast people. Moreover, like the erstwhile heroes of the Nerchinskoy mines, those who favor Siberian autonomy are still "terribly remote from the people". Perov's Siberian Party is small even by today's standards. In Siberia, as in the rest of Russia, the sympathies of the politicized public vacillate between the democrats and the communist patriots. True, in Krasnoyarsk the "greens" have made an appearance, mixing with the soot from the factories, evaporation from the Yenisey reservoir hangs as a smog that is almost never blown away even by the fresh wind that blows across the valley and dries out the eyes. Lower down the river stands a combine that processes and buries waste from the nuclear power station... However, how can we know what will attract public opinion in the future? As in any region that exports raw materials the stores are half empty, with crazy runaway prices, and the central and local authorities are cursed in the queues here, but the phrase is significant—"Everything is exported from Siberia to Russia." Or: "In Russia they will be living more cheaply than we do here..." Incidentally, Boris Perov himself claims that during the congress another 15 deputies signed up with his party.

On the eve of the April congress in the Kremlin it is becoming clear that the Siberians may receive quite significant support, and from the center itself. After he flew into Krasnoyarsk, Khasbulatov's deputy, Vladimir Shumeiko, was quite satisfied with the anti-Gaydar sentiments of the congress. It is the opinion of Russian Supreme Soviet member Mikhail Dmitriyev that the virtually unanimous determination of the Siberian deputies to return to the representative power of past greatness and take from Yeltsin the powers granted him and send Gaydar's team into retirement will greatly complicate life in April both for the president and the vice premiers. And it seems that within the Supreme Soviet they do not understand (or make out that they do not understand) that the coincidence of the interests of the White House and the oblast people is largely tactical. And that the latter's claims against Gaydar are not so much ordinary populist claims, but rather regional claims that will be made with the same degree of success against any other government and the Supreme Soviet itself.

In any event, after stating that the "Siberian Republic" has not "been formed," the major press organs apparently settled down too soon. The opposition to Moscow and the "anticolonial" sentiments in the power structures of Siberia will not be definitely calmed any time in

the near future. One Russian deputy, the well-known oblast person Manannikov, is sure that the main denouements still lie ahead. And the organizing committee set up in Krasnoyarsk is already making preparations for a second Siberian congress. In June.

## POLITICAL AFFAIRS

### **Autocephalous Orthodox Believers Picket Council of Ministers**

92UN1136A Kiev MOLOD UKRAYINY in Ukrainian  
27 Mar 92 p 1

[Article by Alla Lazareva: "God Sees All. How About the Ministers? Believers of the Ukrainian Autocephalous Orthodox Church Set Up Pickets at Ukrainian Cabinet of Ministers Headquarters and Near Saint Sophia"]

[Text] "The Stalinist regime eliminated 32 bishops, 3,000 priests, and hundreds of thousands of believers of the UAPTs [Ukrainian Autocephalous Orthodox Church]," the placards announce.

"Filaret's church, which always called itself Russian Orthodox and which only recently became Ukrainian, still has priority over our own communities," say parishioners of the autocephalous church. "Priests who refused to conduct services in Ukrainian for years and who were always subservient to Moscow are now finding it easy to get restored churches. What we get are buildings which will need a lot of money spent before people can be invited in to worship God."

"The UPTs [Ukrainian Orthodox Church] sends R300 million to Moscow annually for the Peace Fund alone," one placard says.

Rallied around the banner are believers from Kharkov, Lvov, Ivano-Frankovsk, and other cities and towns of the republic. They have met with M.P. Kolesnyk, chairman of the Ukrainian Cabinet of Ministers Council on Religious Affairs. Mykola Panasovych had this statement for our newspaper:

"In the next few days, the picketers will meet with representatives of the Cabinet of Ministers. They will talk about a revision of the long list that was first approved by the Ukrainian Council of Ministers. It is a list of architectural items which are not subject to be turned over to the permanent use of religious communities. It is quite likely that by 30 March the list will be shortened by ukase of the President."

"All we want is justice," says Hanna Kovalenko, head of the Saint Mary Oranta Sisterhood. "We are still being refused registration in the provinces. We have no cathedral. The Patriarchate has to share premises with enterprises which have nowhere to go. The Kiev City Soviet clearly sides with Filaret because his church's requests are filled promptly and repairs are paid for by the state."

"At present we have three churches in the capital city. The Mykhaylivskyy Church's refectory is too small, and the Mykola Prytskyko Church is badly in need of repair. The Holy Protectors Church has two stories, which is hard on old people. We put in a request for Christ Resurrection Church, but it went to the UPTs. It happens like that other places too."

The UAPTs, which has been independent from the start and which is reviving the age-old traditions and glory of Kievan Rus, is gaining popularity and recognition. Until now, very few could win time for long. "There is no secret which shall not become known," says the Bible, which was hard to find in bookstores seven years ago.

## ECONOMIC AFFAIRS

### **Reform Blueprint Leading to Withdrawal From Ruble Zone Viewed**

92UN1108A Moscow NEZAVISIMAYA GAZETA  
in Russian 1 Apr 92 pp 1, 4

[Article by Mikhail Leontyev under the "Money" rubric: "Couponization at a Faster Rate: The First Concept of Ukrainian Economic Reform"]

[Text] "Catastrophic Consequences of Temporizing Economic Policy"—This is the name of the new concept of Ukrainian reform that serves as a foundation for sensational statements made by President Kravchuk at the latest session of parliament. The lack of its own economic policy and the passive response to steps undertaken by Russia are being declared the main cause of the economic crisis in Ukraine.

However, as early as in the foreword to the document, the authors acknowledge that "our actions differed from the Russian ones by a number of populist steps taken by the parliament and the government and ostensibly directed at social protection of the population. As a result, state subsidies and aid...have brought social programs to the point where not only did the budget expenditures considerably exceed revenue, but wholesale prices in material production increased across the board by a factor of 8.4. During the same period, Russia has only sustained a 4.9-times price increase."

The acknowledgement that "pumping excessive money mass into the economy not only did not protect the population from the price liberalization but, on the contrary, has reduced its standard of living" nevertheless did not keep the authors from contending that hurriedly introduced "coupons were drawn into the inflationary ruble circulation" and that is ostensibly the reason why their rate is falling fast.

In the authors' opinion, the new program of the Russian Government is especially dangerous for Ukrainian independence: "Ukraine will inevitably be drawn into a price race.... Only Russia, which has its own money-printing press, can survive such a price race.... In doing that, Russia is flirting with hyperinflation by creating unsupported emission (?) while strictly limiting the flow of cash into other CIS states...." (As a matter of curiosity, how is it that Russia is engaged in unsupported emission in such a way that it has put itself in the situation of payments crisis, while Ukraine, although it does not have the "printing press," has managed to get double the Russian



pace of inflation in addition to having thrown another couple of tens of billions of noncash money into Russia?)

As a result, the situation requires a policy that "guarantees the impossibility of drawing Ukraine into an extremely dangerous price race, UP TO THE RESTORATION OF A 'SINGLE NATIONAL-ECONOMIC COMPLEX.' Salvation from such an unthinkable "ultimate" nightmare may be only "complete withdrawal from the ruble zone and introducing, simultaneously with price liberalization in Russia, its own currency—multiple-use coupons at first, and then a monetary reform changing the currency to hryvni."

Also at the same time they propose to "establish a system of clearing accounts with the states in the ruble zone on the basis of pegging them to the world prices." The main tasks are defined this way: organization of mutual settlements on the basis of clearing; immediate (no more, no less) structural restructuring of the economy; maximum use of the monopolistic capacities of the Ukrainian market in negotiating clearing exchange agreements. As a result, the highest goal will be achieved—a "zero residual in the commodity-payments balance." While acknowledging that striving for this highest goal will cause a decline in production, the authors resolutely state: "If we cannot achieve this, Ukraine will never become an independent state."

While the luckless opponents of the Russian Government criticize Gaydar's "monetarism" in every way, a completely exotic fruit of scientific thought has ripened in the Ukrainian steppes—"mercantilism"—a picked bone even in Russia as by the middle of 18th century. The Ukrainian patriarchal "stabilization" must be realized through the quick cessation of production unprofitable for Ukraine and switching to goods exchange with the West. In order to increase meager hard currency reserves, measures to liberalize foreign trade are planned, in parallel with fiscal-punitive methods of hard currency regulation—in principle, similar to those in Russia, with the exception of the "rosy" idea to establish the lowest rates of hard currency duties in comparison with other countries of the ruble zone. This sweet detail should attract foreign traders except for:

- during the transition period the holders of accounts in foreign banks (read: Russian) can transfer them into Ukrainian banks; later, this operation will be conducted with a "mandatory recalculation" and be subject to tax. Also provided will be "the priority of Ukrainian subjects in foreign trade in relation to subjects of other states of the ruble zone," which means:
- priority service for Ukrainian enterprises in the customs and in transportation;
- establishing duties for the use of Ukrainian transportation infrastructure "in world prices;"
- limiting the activities of foreign brokers on the territory of Ukraine, and
- encouraging re-exporting for hard currency the goods purchased in the ruble zone (actually, Ukraine is already doing this now; upon the withdrawal from the ruble zone, however, the "inflation pump" may choke).

Of special interest is the part devoted to the monetary-financial policy. In substance, it repeats point by point the Russian program of financial stabilization, but is presented in a "softer" form. The main task is defined as "limiting" the budget deficit, establishing the ceiling on its financing, "limiting the volume of financing to the upper level of the inflation rate." That is, in essence they are talking about regulated inflation. The policy of revenue and social protection also is formulated in quite "Russian tones." Putting aside the independence-patriotic pathos of the "all-your-meat-goes-to-the-Russkies" [words within quotation marks published in Ukrainian] kind, this part in particular, in conjunction with admissions contained in the beginning lines of the document, means in substance the recognition of the effectiveness of the Russian Government's course and subscribing to its memorandum. As to the key question of the mechanism of "withdrawal from the ruble zone," that is, subscribing to this memorandum "de jure," it is left out. "In the event Russia blocks the resolution of this issue, Ukraine will be put in a most difficult situation," is the way the authors end the exposition of their concept.

Why would Russia "block" it, and what does this first Ukrainian plan mean for Russia and Ukraine? If we try to take the ideological underpinnings of this plan seriously, we can point out the following:

- The idea that runs throughout the entire document is that of the economic expansionism of Russia, which ostensibly prevents in every possible way the introduction of Ukrainian national currency. In reality, as it currently stands, Ukraine's shift to its own currency is completely in line with the interests of the Russian Government. Even a not entirely civilized way would be preferable for doing it rather than maintaining the current uncertain situation;
- the ideas of "drastic" structural restructuring, "drastic" privatization, "drastic" development of local and foreign entrepreneurial activities, and so on do not merit discussion at all and may be perceived only as the result of a wild imagination;
- the ability of the Ukrainian Government to implement a tough financial policy, given the degree of its dependence on the populist parliament, are much more modest than that of the Russian Government. The real hard currency support of the future hryvnia is much weaker than that of the ruble. All of this predetermines the inevitable devaluation of Ukrainian currency in relation to the ruble under practically any outcome (except perhaps if Khasbulatov and Company prevail over the government at the Russian congress);

—the planned achievement of the Ukrainian currency's independence from the fluctuations of the ruble is possible only if the entire commercial activity on the territory of Ukraine is strangled.

On the other hand, the consequences of the so-called transition to clearing accounts at world prices and purposeful curtailment of the Russian-Ukrainian trade will be more catastrophic than the analogous operation in regard to former Comecon countries. First of all for Ukraine. Typically, all of these ideas in the way they are presented in the Ukrainian documents most likely had not been run through any calculations and forecasts at all.

Moving away from the nationalist pathos, however, one can assume that the "independence-bent packaging" is the only possible way to present to the Ukrainian parliament a tough financial policy option, aimed at staving off the economic catastrophe and receiving help from the civilized world. We may recall that last fall the current Russian team was pushing its way to the power using generally the same setting. On the other hand, so far the cost of independence-bent political combinations comprises a considerable part of the price Russia pays for its inevitable reforms.

#### **Rukh Statement on Economic Measures**

92UN1131A Kiev NARODNA HAZETA in Ukrainian  
No 10, Mar 92 p 1

["Statement of the Third All-Ukraine Assembly of the Ukrainian National Movement Concerning the Economic Situation in Ukraine"]

[Text] The Ukrainian people's joy since the declaration of independence is shadowed by the economic crisis. The sudden catastrophic decline in living standards, declining productivity, and the threat of mass unemployment are due only in part to external factors such as the Russian Government's actions and the breaking of economic ties.

The Congress believes that to a large extent the economic crisis is due to the incompetent and clumsy actions of the government, which, far from taking effective measures to alleviate the consequences of Russia's economic policy, has worsened the crisis through its own actions.

The impression is created that someone is interested in having people consciously associate present miseries with the ideas of independence and democracy, in making people disgusted with these ideas.

The Assembly, vigorously protesting the government's economic policy, condemns its efforts to preserve the ineffective socialist economy under the cover of market terminology. The Congress points out the complete vindication of the analysis and forecast given in Rukh's Statement of 13 January 1992, "Concerning the Ukrainian Government's Actions in the Economic Sphere."

The increase in monopoly prices by decree, christened "liberalization," has led to reduced productivity and the destruction of unsold food products because of declining purchasing power. Delays in introducing our own monetary system and our own mechanism of international settlements are hindering any progressive economic innovations and have resulted in the loss of convertible currency.

The Rukh Congress demands from the President and Supreme Soviet of Ukraine the immediate resignation of V.P. Fokin's government, the replacement of state bank officials, and the formation of a national government of harmony and reform.

The Congress demands that the President, the Supreme Soviet, and all executive bodies:

1. Accelerate and complete in the first half of 1992 preparations for the introduction of a national monetary unit and ensure the internal convertibility of the hryvna from the start, and carry out monetary reform but not at the expense of the savings of Ukrainian citizens.
2. As soon as possible, carry out radical land reform on the basis of private ownership of the land. Set up a state program to support peasant farms. Create a state land reserve for unemployed persons, pensioners, demobilized servicemen, and also representatives of repressed peoples and Ukrainian citizens returning to the fatherland.
3. Launch accelerated, large-scale privatization of land, housing, and enterprises, while complying with principles of social justice and economic usefulness. Carry out privatization exclusively by national means of payment (for Ukrainian citizens) and hard currency (for foreigners).
4. Immediately institute customs and currency control on all borders of Ukraine and exercise full control over foreign economic and currency-credit transactions by the National Bank and the Government of Ukraine.
5. See that economic reforms are oriented toward integrating Ukraine's economy into the world economy, in particular the EEC.
6. Create a system of social protection for citizens for the time it takes to overcome the social and, in particular, the economic crisis. Focus special attention on the social protection of less well-to-do citizens.
7. Make changes in the tax system in order to stimulate enterprise, especially small businesses. Replace enterprise registration procedures with an application procedure [zayavochnyy].

The Congress believes that these measures will stabilize the economy and, in time, improve the people's standard of living.

**Decree on Accelerating Land Reform**

92SD0305A Kiev HOLOS UKRAYINY in Ukrainian  
24 Mar 92 p 14

["Decree of the Ukrainian Supreme Soviet: On Accelerating Land Reform and Land Privatization"]

[Text] In accordance with the Ukrainian SSR Supreme Soviet Decree of 18 December 1991, "On Land Reform," a certain amount of work has been done to redistribute the land. But owing to the lack of proper coordination by state organs in the course of the reform and failure to deal promptly with a number of organizational and legal matters relating to the reform of land relations, land reform has been delayed and remains unsatisfactorily slow.

In order to accelerate land reform, and in connection with the introduction of collective and private forms of land ownership, the Ukrainian Supreme Soviet **decrees:**

1. That by 1 May 1992 village and city soviets of people's deputies shall determine the needs of inhabitants of cities and urban-type settlements with respect to land parcels for individual housing construction and gardening and orchard operations, and submit proposals on this matter to oblast-level state administrations in order to work out land parcel charts to accommodate these needs, taking account of reserve territories of cities and urban-type settlements.

2. That by 1 May 1992, if necessary, oblast soviets of people's deputies shall decide questions regarding land redistribution, and that by the same date, rayon soviets of people's deputies shall decide questions relating to the allocation of land parcels from existing reserve lands to enterprises, establishments, and organizations for collective gardening.

3. That the Ukrainian Cabinet of Ministers, the Government of the Crimean Republic, and the oblast and Kiev and Sevastopol City Soviets of People's Deputies shall: by 1 June 1992, draw up and approve state, republic, and oblast (city) programs of land reform for 1992-1995; ensure that the programs include measures for each year with respect to the organizational-legal, cadre, scientific, and material-technical support for land reform as well as estimates of the necessary costs of the reform and sources to cover them;

by 15 May 1992, draw up a list of agricultural enterprises and organizations whose lands are subject to transferal to collective and private ownership in 1992. A list of farm operations whose lands are to be transferred to ownership the following year shall be drawn up not later than one month before the start of the following year. Moreover, the inventory of state property which is not to be privatized shall retain lands stipulated in Article 4 of the Ukrainian Land Code.

4. That local soviets of people's deputies shall take care of the transfer of land to citizens of Ukraine in accordance with the procedures and in the amounts stipulated

in Articles 52, 56, 57, and 67 of the Ukrainian Land Code, starting 15 May 1992.

5. That it shall be established that the destatization and privatization of the lands of agricultural enterprises and organizations stipulated in Part 2 of Paragraph 3 of this Decree, shall be carried out starting 15 May 1992 in accordance with plans to be drawn up by the administration of these enterprises and organizations with the participation of experts and state land-use organizations and to be agreed on by the labor collectives and approved at the recommendation of the village (settlement) council of the rayon (city) soviet of people's deputies.

That by 15 May 1992 the Ukrainian Cabinet of Ministers shall draw up and approve recommendations concerning the compilation of these plans.

6. That it shall be established that normative documents and directives of the Ukrainian State Committee for Land Resources relating to questions of the reform of land relations which are not in conflict with Ukrainian laws shall be binding with respect to execution on local organs of authority and administration, landowners, and land users, regardless of forms of ownership and departmental affiliation.

7. That the Supreme Soviet of the Crimean Republic and the oblast and Kiev and Sevastopol City Soviets of People's Deputies shall set specific dates for completion of the transfer of land parcels to the private ownership of citizens who were using them as of 15 April 1992.

8. That it shall be established that citizens, enterprises, establishments, and organizations which were lawfully granted land parcels by inheritance in perpetuity or permanent possession shall retain their rights to the use of these land parcels until the right of land ownership or use is finalized in accordance with the Ukrainian Land Code.

9. That the Supreme Soviet of the Crimean Republic and the oblast and Kiev and Sevastopol City Soviets shall make a quarterly report to the Ukrainian Supreme Soviet, by the 5th day of the month of the following quarter, concerning the implementation of this Decree.

10. That the Ukrainian Cabinet of Ministers shall:

by 1 June 1992 submit to the Ukrainian Supreme Soviet proposals with respect to changes and additions to legislative acts deriving from the new edition of the Ukrainian Land Code;

by 1 August 1992 bring the decisions of the Ukrainian Government into line with the Ukrainian Land Code.

[Signed] I. Plyushch, chairman of the Ukrainian Supreme Soviet

13 March 1992, Kiev



**Press Release on Decree To Develop Peasant Agriculture**

92UN1125A Kiev SILSKI VISTI in Ukrainian  
27 Mar 92 p 3

[Press release by Press Service of the Prime Minister of Ukraine: "In Support of Peasant Farms"]

**[Text] The Ukrainian Cabinet of Ministers has passed a decree on several matters concerning the development of peasant farms.**

In accordance with the Ukrainian Law "On Peasant Farm Operation," this document introduces changes and additions to the Ukrainian SSR Cabinet of Ministers Decree No. 96 of 20 July 1991. In particular, it designates the ministries, departments, and local administrative bodies responsible for supplying peasant farm operations and cooperatives thereof (unions, associations) with equipment, gear, spare parts, fuel and lubricants, mineral fertilizers, building materials, feed additives and preservatives, seed, breeding stock and poultry, and working stock, in accordance with the normatives and terms established for APK [agroindustrial complex] enterprises and organizations. In addition, for a three-year period in which the peasant farm is becoming established, it is to be allocated, for production needs, at least one tractor and set of machinery and one truck. Local administrative organs and the Ukrainian Cooperative Union are to see that first priority in the sale of essential building materials and other non-food goods is to go to workers on such farms.

Peasant farms which have concluded contract agreements on agricultural goods for 1992 are to be supplied with certificates for acquiring essential material-technical resources. Such farms are to be issued fuel, lubricants, gas, and electricity for 1992 on the basis of normatives and prices established for kolkhozes, sovkhozes, and other agricultural enterprises, regardless of their participation in the formation of a state order.

Housing that has been built with budget funds is to be turned over to the private ownership of citizens who resettle in labor-deficient population centers for the purpose of setting up a peasant farm, after the farm has operated for 10 years. The Decree stipulates the procedure by which the settlers are to return this housing in the event the farm ceases operations before the stipulated term, and also reimbursement of additional outlays on the housing.

Citizens who resettle in labor-deficient population centers for the purpose of setting up peasant farms are to be given a one-time monetary grant from the republic budget (in cases of inter-regional resettlement) or the local budget (in the case of in-region resettlement), in the amount of 15 times the minimum wage rate for head of household and one quarter of that sum for each family member. They are to retain their continuous labor

record [stazh], if the hiatus in their work due to resettlement does not exceed one month, not counting the journey from the place of origin to the destination.

Starting in 1992 the Ukrainian Derzhkhlipoproduct [State Grain Products Committee] and the Ministry of Agriculture and Food are to provide seed to farms which request it, on credit to be repaid according to established procedures.

The Ministry of Statistics is to confirm statistical reports as to the results of peasant farm operations and cooperatives thereof. A number of other ministries and departments are to compile and publish in mass quantities instructions regarding procedures for determining the profits (earnings) of a peasant farm, taxes to be levied on it, and computation of contributions to the state social insurance and pension security of its members and other persons working on labor contract or agreement. Also to be printed and sold through the Ukrainian Cooperative Union are documents of primary accounting and book-keeping, including methodological recommendations as to the organization of accounting in peasant farm operations.

**Activity of Commodity Exchanges Viewed**

92UN1100A Moscow DELOVOY MIR in Russian  
10 Mar 92 p 2

[Unattributed report under the rubric "Economic Panorama": "Kravchuk Carries No Weight When It Comes to Prices"]

**[Text] While the volume of offerings at Ukraine commodity exchanges is increasing, the demand declines considerably.**

By the end of February, the overwhelming majority of Ukraine commodity exchanges had reached the peak level of physical volume of offerings previously registered in December 1991; in the opinion of observers, this evidences the adaptation of commercial structures in the Ukrainian wholesale market to the new economic environment. After a swift jump in prices in January of this year, by mid-February there was a noticeable trend towards their stabilization across practically the entire range of offerings; actually, in a number of categories such as office equipment, means of transportation (especially passenger cars), and agricultural output and food products, the prices curve started to head down, and in some instances the decline in prices on office equipment reached 40 percent of the end of January price level.

At the same time, at the latest February trading at the Kiev UTB [expansion not identified], Donetsk Commodity Exchange, Yuzhnaya UB [expansion not identified] (city of Nikolayev), Dnepr Commodity and Stock Exchange (city of Dnepropetrovsk), and a number of other exchanges, where a considerable part of the offerings consist of traditional commodities, the sales volume fell on average by 15-20 percent, and in some instances by 100-200 percent. Commenting on this fact, Viktor



Prikhodko, first deputy director general of the Donetsk Commodity Exchange, said: "One gets the impression that the supply went into frenzy and took off, while the anemic demand is not even trying to keep up." In the opinion of a number of experts at Ukrainian exchanges, this situation is the result of excessive price increases, weak purchasing power of potential exchange clients, as well as complete uncertainty of the situation, where economic structures, in anticipation of the beginning of the privatization process and new price jumps, prefer to tighten their belts rather than spend prematurely the limited financial resources.

Entrepreneurs also note that Ukraine commodity exchanges showed practically no reaction to the provisions of decrees by Ukraine President Leonid Kravchuk, adopted in December 1991 and in February of this year, that establish state regulation of the price level and profit margins on the output of industrial and agricultural enterprises. Only a few isolated cases are known where the brokers, at the request of their clients, reduced prices on goods being offered for sale motivated by the desire to avoid becoming subject to punitive sanctions set by the presidential decrees. The overwhelming majority of commercial structures are skillfully skirting the obstacles put up by the decrees, making use of the absence of mechanism for their practical implementation and the imperfect legislative base. According to informed sources, one of the means of getting away with price "gouging" in operations with goods on which the state has established low profit margins is to put considerable amounts received from the sale of goods into the economic structure's development fund, which allows them to be excluded from the amount of income and thus avoid exceeding the established levels of profit margin, while still selling the goods at market prices.

#### **Impediments to Development of Small Businesses Viewed**

92UN1100B Kiev GOLOS UKRAINY in Russian  
6 Mar 92 pp 6-7

[Report on the roundtable conducted jointly by GOLOS UKRAINY and the Small Business Association, by Yuriy Kornev in Lvov; date not given: "Small Business Is Asking for Help"]

[Text] *They say that mammoths and dinosaurs became extinct because there were too big. The troubled sea of our domestic economy also is mostly populated by "whales" and has very little "plankton"—small enterprises. Specialists-optimists maintain that their number is growing and already exceeds 60,000 in the country of the Commonwealth. Is it much or little? If one looks at the experience of countries with a developed market infrastructure, it is far too little. For instance, the United States, which we traditionally regard as the citadel of large monopolies, has over 19 million small enterprises. What stands in the way of small business' expansion; what problems are faced by those who have decided to get*

*into it? This was the subject of the roundtable held jointly with the guild of small- and medium-size enterprises (small business association).*

**V. MASHEVSKIY, president of the regional association of small-and medium-size enterprises, the Lvov Guild, and deputy chairman of the Committee for the Development of the Territory and Market Infrastructure of the Lvov Oblast Executive Committee [oblispolkom]:**

The specificity of the oblast's economy is that we already have large Group A enterprises. If our "greater" economy finds its bearings and a certain reorganization starts—such as serious destatization and privatization, granting independence to subsidiary branches, structural divisions, shops, and so on, the "whales" will have economic prospects and potential. Unfortunately, they are not choosing this way; on the contrary, they are trying to protect their structures, their apparatus, and to first divide capital assets among themselves through various forms of ownership. This perhaps reflects a certain objective trend. But it has also created difficulties for small business and for setting up its structures.

**M. YAVORSKIY, vice president of the Small Business Association, chief of the Department of Science, Education, and Intellectual and Cadres Potential of the Lvov Oblispolkom Committee for the Development of the Territory and Market Infrastructure:**

There are over 300 small enterprises and limited partnerships registered in the oblast. Small enterprises are predominantly engaged in scientific research and planning and design work; then there is tourism, sports, recreation; then—manufacturing of consumer goods and providing services. The small enterprise list includes the construction industry, woodworking, carpentry, health care and health services, computer programming and information services, transportation services, and printing and publishing.

**V. MASHEVSKIY:** In my opinion, the notion of small business should include more than just the establishments that make use of the statute on small enterprise. Our guild will work together with limited partnerships and joint-stock cooperatives. They all face similar problems. We should start, however, by gaining a good knowledge of the current market, availability of raw materials and resources reserves, equipment, and facilities at the oblast enterprises. Without conducting an informational-economic survey of them, we will get nowhere. At the same time, those at the helm of large enterprises and small businesses still do not know each other well. Although it is in our interest to search for common areas to apply our efforts, to complement one another. Is this not what is indicated by such examples as the creation of small enterprises on the basis of departments and laboratories of the Lvovpribor Special Design Bureau, Sera All-Union Science, Research, and Design Institute, and other structures of industrial monopolies?

It would be good if a person from a small enterprise could sit down at the computer, see the list of industrial

enterprises and their lines of operation, whether they have available resources and equipment, where they are, and all the necessary details. As well as the needed information on prices, rates, and services. To collect this information, we have created a special small enterprise under our guild and started to set up an information service center. First, we will develop the methodology for the small enterprises themselves, having collected information they need in order to increase the effectiveness of their work. Then we will start providing services to small business, paid by the guild, and will start organizational economic and legal defense of its structures.

It is necessary to relieve small enterprise from the routine work involved in setting them up. In order to do that, we need to develop technical and economic feasibility [TEO] for the operation of each such enterprise, and conduct an expert evaluation of its charter. Then the process of small enterprise registration with the local authorities will become simpler. At this point, however, our committee can tell what we need from the small business, but we cannot say what we can provide in return (resource base, financial support). And the main reason is that the region's economic strategy has not been definitively formulated and boiled down to a set of specific programs. Only then will we be able to define the front of activities for small enterprises.

**V. VEBER, president of the Leocon concern:**

I cannot agree with Mashevskiy regarding the need for TEOs for small enterprises at the initial stage. We ourselves are creating an additional obstacle. People who are just starting a business are not able to put together a TEO. They simply do not have the resources. If this is done seriously, all expert evaluations will come in negative. After all, there are no available raw materials, credits, facilities, and equipment. And unless we do it seriously, why do it at all?

It is another matter that the oblispolkom, together with the small business guild, must direct the creation of small businesses into the spheres where they are needed primarily. Right now, in the oblast, small businesses that manufacture consumer goods are in third place. While those who have jumped into scientific-technical progress are in first. Has anyone thought why this is so? The latter are former structures of the NTTM [Youth Science and Technology Creativity] Centers, which are involved mostly in middleman activities and are not producing anything. For them, small business is a convenient change of name in order to get preferential tax treatment. That is all. Meanwhile, the region needs food, clothing, and services. However, the local authorities should direct this process not through administrative fiat, but through a flexible tax policy and credit mechanism.

**V. MASHEVSKIY:**

I want to clarify this. We see the TEO not as a basis for small business registration, but as a service provided by the guild. Not every small enterprise director is able to see the prospects of the business he is starting. What will

be the profits, the state of the market, the availability of resources? There should be economists able to make an educated forecast, estimate everything. Perhaps, they will advise not creating a small business in this sphere.

We are currently conducting work, together with the department headed by M. Yavorskiy, in creating small business structures on the basis of shops and subsidiary branches of large enterprises. What is done here is often economically inexpedient and inefficient. This means that it is necessary to break them up into smaller parts on the basis of different forms of ownership. In doing this, the TEO's for the new approaches to the business on the basis of small enterprise, cooperatives, limited partnerships, and joint-stock societies are simply necessary.

**S. FILIPOVICH, chairman of the limited partnership Stozhary:**

I recently came with a proposal to Lvov's Lychakov Rayon Soviet to develop an information system, Rayon. And one of its subsystems, Commercial Space. With all the needed data: availability, area, who signed and when a lease was signed, how it is paid. The city soviet got interested in this, too. After all, small business cannot exist without facilities.

In Lvov, there is an apothecary, cafe, or a small store on every corner. At the same time, business people cannot get even five square meters with a telephone. Where then will the goods and services come from?

**V. MASHEVSKIY:**

Our committee is currently putting together a territorial property fund. The gist of the best proposals is for the enterprises, in the process of destatization and privatization, to transfer all facilities, structures, and communications related to production into a regional property fund, and later on to labor collectives that own them. This would make it possible to know with certainty the usage rate of production facilities, and to create their regional market.

We need precise information. What source should it come from? How can we conduct such inventory? We came to the conclusion: city and rayon executive committees do not provide reliable data. Therefore, we created under the committee on development of territorial and market infrastructure a small enterprise—Territorial Property Fund—that in time will study not only Lvov, but also the entire region. This is the foundation of small business: the facilities bank, and material and technical supply.

**M. YAVORSKIY:**

Our department recently sent out to oblast enterprises a request to let us know what equipment they can lease out. Out of hundreds enterprises in the city, only the Konveyer and one or two more responded. The industry "whales" do not want to help the development of small business. Probably because they are afraid of the competition to their monopoly. It is necessary to overcome

this mentality that exists among the majority of employees of large enterprises: "Small businesses, especially the cooperatives, are parasites; they are 'eating up' our resources, 'feed on' our activities, get larger pay, while we get nothing."

#### I. POGREBNOY:

We have learned by the experience of cooperatives what it means to have a bad image among the population. It is very hard to break this stereotype later. And this question is not a purely psychological one. It is related to the business opportunities for small business. Therefore, we need to care for the reputation of our guild, work for it, accept only civilized merchants and entrepreneurs into the guild, and decisively fight economic racket. We have recently contacted the oblast council of trade unions and we will establish a trade union of small business employees. For right now they are practically defenseless in both a social and legal sense. And the main issue is creating a fund for the economic support of the guild. We are heavily involved right now in the problems of innovation, financing, and insurance.

One cannot seriously talk about small business without appropriate advertising. Our newspaper GALITSKI KONTRAKTY is distributed not only in western Ukraine, but also in many oblasts of the republic. GALITSKI KONTRAKTY has become a cofounder of the DELOVIYE NOVOSTY newspaper that is distributed in the CIS countries. It is, however, the small enterprise itself that is ultimately responsible for its advertising. We do attach one condition: You can only advertise what you are authorized to sell.

I do not agree with those who say that the most important thing for the small business is goods and services, while there are only "skimmers" working in the sphere of scientific and technical progress. Our rayon has one of the highest concentrations of defense and instrumentation enterprises and various research institutes in the republic. Therefore, it is quite natural that small business followed the same lines. Especially considering that in this sphere the shortages of raw materials and equipment are not felt as acutely. By the way, in the West it is exactly the small enterprises that are on the cutting edge of science. This is done by small, mobile, aggressive groups of entrepreneurs. Remember, for instance, that the first computer was assembled in a shed.

At the same time, it is necessary to note that there is a primary product—scientific ideas, their realization through some of other small enterprises. Then, on the tail of this product, a whole bloc of small enterprises may be assembled to additionally develop it, bring one or another variety of goods to the consumer, and so on—that is, the secondary product. This allows establishment business contacts with large enterprises, and creation of jobs in the circumstances of the looming inevitable unemployment.

A striking example of understanding the role of small business in the development of our economy during the

transition to a market is the Rodon Production Association in Ivano-Frankovsk Oblast. At first glance, it appears that this enterprise does not have any trouble. They make 40 million [currency not specified] a year in profits; they are the only major supplier of modern microcircuits (from defense products to Elektron television sets); personnel are paid well; there is an extensive sociocultural complex, with sanitariums and preventive treatment facilities. At the same time, the association is making considerable investments into small business, small enterprises, ad hoc creative collectives that are working towards a breakthrough, towards a new level in science. The people here understand. As soon as they move into market relations, their microcircuits and their technology will practically put the enterprise on the brink of bankruptcy, because there is at most two or three years of "good" life left. At Rodon, they are not waiting for the catastrophe; they understand that they can make it only through small forms, small business. The employees of newly created small enterprises also understand it.

They do have a great field of activity, and they are tied to the region's problems.

There is only one conclusion that is begging to be accepted: Small enterprises are the base that is being transformed so that the industry "whales" could survive.

#### V. PYATAK, representative from the small enterprise, Lvov Management Institute:

A very important question is the program of training the cadres for small business. There is a catastrophic shortage of them.

In the beginning of last year, together with the limited partnership Stozhary, we held a training seminar on the issues of market economy and small business for a student fraternity. Representatives from all over Ukraine attended. The young people were most of all interested in the small business issues. They had numerous ideas for establishing small enterprises. However, full-time training of cadres for the market economy under the international NBA [as published] program with the participation of Western specialists is unprofitable for us. Therefore, in addition to the basic form of training, the institute has to get involved in other types of entrepreneurial activities as well. Why should state organs not become one of the sponsors for training cadres for small business?

#### M. TROPAK, director of Agrotekhnika joint-stock society:

I want to bring up the problem that is painful for many small enterprises—the tax inspection. Right now, its employees have extensive rights and low professional skills. They can close a small enterprise, or freeze its accounts for several months. The latter is virtually death for a businessman who has many partners and obligations. This kills the business to the root. Of course, tax

evasion should be punished. What is also needed, however, is protection from incompetent inspectors. The guild needs to gather the best qualified lawyers and professionally put together all the documents, stand up in defense of small business. We had a sad experience, when in a matter of three months the tax inspection virtually pushed us to the brink of bankruptcy. This has cost us 500,000 rubles.

**M. TROPAK:**

It is very important for those who want to be engaged in civilized business. We also need, however, train our cadres, exchange information and proposals between the small enterprises, and bring our proposals to neighboring oblasts and regions, as well as look for foreign partners.

In the West, one entrepreneur does not start a business single-handedly. There is a whole system of state programs and organizations to encourage small business. If there is an interesting idea, they suggest right away who can implement it, will recommend partners who have the means and facilities.

**V. MASHEVSKIY:**

Our guild is the people who do not just want to realize their own commercial interests. They have assimilated the notion of "small business" psychologically, into their soul; they believe in it, and are striving to create the opportunities for small business development in the future. We think of more than just increasing the profits. We also think about how to find like-minded people, consult with, and learn from, one another.

**S. FILIPOVICH:**

I will give you an example of such noncommercial, charitable altruism. Last year our limited partnership Stozhary, with the support of the oblsipolkom, held a

scientific-practical conference "Farming: Yesterday, Today, and Tomorrow." There were representatives from Ukraine, Russia, Lithuania, and Estonia. Eleven doctors of science attended. And they did what an entire institute had not been able to accomplish. We want to found a magazine SILSKIY GOSPODAR, a library for a rural proprietor, develop a Ukrainian-Russian-Latin dictionary of agricultural terms; there is Lvov Farmers' School already in operation; we have distributed a questionnaire for the purpose of learning of farmers' problems. Everyone should give a hand to this category of small business. Tomorrow it will face problems of transportation, technical, and trading services, supply, and realization of output. It is very difficult for the farmer these days. Quite often, he is the only one in the entire settlement. No one to consult with, no one to come to for support. Only the kolkhoz chairman is "looming" over him and is always threatening to deprive him of something or take something away.

**THE NEEDED AFTERWORD**

Among local authorities, many have this attitude towards small business: "If you survive, you can stay. If not—good riddance..." Small enterprises need state support in terms of equipment, raw materials, financing and credits. They need to be helped to set up education and training of cadres, provide them with organizational and legal help. After all, many small collectives start literally from scratch. There is no start-up capital, necessary equipment, or facilities. The time has come to develop regional programs for small business development, which should get financial support from the government.

Small business is asking for help now. Later, it will be able to give much in return. Its goods and services, and breakthroughs in the most effective direction of scientific-technological progress. And, most importantly, new workplaces in the environment of upcoming unemployment. For, as the folk wisdom says, "A gold nugget may be small, but it is dear."



## KAZAKHSTAN

## Republic Economic, Social Statistics for 1991

92US0347A Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 29 Jan 92 pp 1-2

[Report of State Committee of Kazakhstan Republic for Statistics and Analysis on Economic and Social Conditions in the Republic in the Past Year: "The Situation Is Not Improving"]

[Text]

## 1. Production Slump Continues

The disruption of traditional economic ties in the national economy was the result of the continued decline of production. Last year the republic's gross national product, according to preliminary estimates, had decreased by 7.2 percent in comparison with the previous year's, with corresponding decreases of 10 percent in national income and 5.4 percent in national labor productivity, while proportional accumulations decreased to 28.5 percent. The volumes and effectiveness of capital investments were reduced, and the amount of unfinished construction increased.

By the beginning of the past year, fixed production capital amounted to 120.9 billion rubles, including 51 billion in industry, 5.4 billion in construction, and 25.2 billion in agriculture. The advanced age of fixed capital began to have an increasingly perceptible effect. The level of depreciation reached 33.7 percent in 1989, 34 percent in 1990, and 34.5 percent last year. This was accompanied by the considerable reduction of capital investments in the development of machine building, which represented only 1.5 percent of all capital investments in industry, as compared to 6.2 percent in 1990.

Problems in the consumer market grew more acute. The trade network operated in an atmosphere of buying frenzy and shortages of all goods. The dramatic decrease in retail commodity turnover led to the extensive growth of the "shadow" economy and a further decline in the public standard of living.

The limited stocks of consumer goods and the growth of unsatisfied public demand also escalated inflationary processes. The amount of new money printed in 1991 was 4.5 times as great as the amount in 1990 and totaled 8.7 billion rubles, with 3 billion put into circulation in just the last two months of the year. The state budget deficit is still large. Enterprise and organization funds in commercial bank accounts, however, displayed a 2.9-fold increase during the year and totaled 19.2 billion rubles on 1 December.

According to preliminary estimates, profits in the national economy as a whole were 1.6 times as high as last year's figure and exceeded 21.9 billion rubles. Over 11 percent (533) of all enterprises and organizations had year-end losses, with 3.9 percent in industry and 5.6

percent in construction, and almost half of the enterprises in the personal service sector and public utilities were operating at a loss. Their combined losses exceeded 600 million rubles.

## 2. What Were the Exact Results?

The main indicators of republic socioeconomic performance are presented below (growth rates in comparable prices):

Indicator	1991 (estimated or reported figures) in % of	
	1990	1989
Gross national product	92.8	90.1
National income	90.0	88.6
Industrial product	100.7	99.6
Consumer goods production in retail prices	100.9	108.9
Agricultural product	92	98
State capital investments	91	96
New housing	79	72
Monetary income of population	169.2	196.8
Monetary expenditures of population	156.8	179.8
Monetary income exceeding expenditures	360	550
Surplus cash of population	270	320
Retail commodity turnover in state and cooperative trade	88.0	95.7
Paid services	73.1	75.4
Retail price index for goods and services	184.0	191.7

There was a slump in the production of many of the main consumer goods: fabrics, knitwear, carpeting, hosiery, footwear, cultural consumer goods, and housewares, as well as butter and lard, confectionery, whole-milk dairy products, meat, high-fat cheeses, granulated sugar, and others. Conditions for the steady work of enterprises in light industry and particularly in the food industry are still being established too slowly. As of 13 January this year, contracts had been negotiated for only 43 percent and 2.2 percent respectively of the material and technical resources required for production in these industries.

The reduction of the physical volume of production, work, and services was accompanied by a dramatic increase in the income of enterprises and the population. Total wages increased 1.7-fold last year, and the average monthly wage in the national economy increased by half and amounted to 402 rubles.

The total number of people employed in the national economy, including private subsidiary farming, reached 7.6 million. Most of these people were employed in the state sector of the economy (around 90 percent); collective forms of economic operations continued to be

developed and already employ 800,000 people, or over 10 percent of the entire working population. The network of cooperatives and small enterprises is being developed most actively in Chimkent and Pavlodar oblasts and the city of Alma-Ata, and the slowest rate of development was recorded in Guryev, Ural, and Dzhezkazgan oblasts.

Over 150,000 people applied to employment agencies for job placement services, and one out of every two found employment. As of 1 January 1992 the number of registered unemployed individuals exceeded 4,000. The total demand for manpower at enterprises and organizations, however, exceeds 74,000.

### 3. Our Price Dynamics

Measures were taken in late 1990 and early 1991 for the elevation and partial liberalization of wholesale, retail, and purchase prices, and new rates were set for transportation and communications. This allowed many enterprises to earn high profits even when production output decreased. The nominal increase in profits did not mean a corresponding increase in the purchasing power of enterprises and organizations, however, because of the rising cost of material and labor resources and the higher interest rates on credit.

The dynamics of the wholesale prices of production equipment and consumer goods in 1991 are presented below:

Indicators	In % of corresponding period in 1990			
	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec
Industry—total	185	224	249	272
Production equipment	204	211	223	240
Consumer goods	156	242	289	320

The new wholesale prices of many technical items for use in production went into effect on 1 January 1991, and this is why prices made the biggest "splash" in the first quarter. In January of the past year they were 2.6 times as high as December 1990 prices in the coal industry, 2.2 times as high in petroleum refining, 1.5 times as high in ferrous metallurgy, 2.5 times as high in the construction materials industry, and 2.2 times as high in the timber, woodworking, and pulp and paper industry.

Although regulated prices had been set for consumer goods last year, there were virtually no price controls. For this reason, they rose more quickly than the prices of goods used in production. Prices continued to rise throughout the past year, but they took their biggest jump in the fourth quarter. The retail price index for goods in state, cooperative, and kolkhoz trade (in comparison with the corresponding quarter of 1990) was 112 percent in the first quarter, 196 in the second, 206 in the third, and 227 percent in the fourth. Food prices

increased 2.2-fold during the year, and the prices of non-food items displayed a 1.9-fold increase.

The dramatic rise in the prices of industrial equipment had a serious negative effect on the agrarian sector of the economy. Whereas agricultural purchase prices rose to 1.5-3 times the earlier figures, the prices of farming machinery and mechanisms displayed much higher increases. The cost of the Yenisey combine displayed a 3.2-fold increase last year, for example, the cost of the ZIL-131 truck rose to 4.4 times the earlier price, and the prices of seeders and sprinklers more than quadrupled.

There was also a constant rise in passenger transport, communications, and freight shipment rates. Although the overall increase in passenger transport fares in comparison with 1990 fares was 63 percent, streetcar and trolleybus fares rose 132 percent, motor transport rates rose 71 percent, and there were corresponding rate increases of 64 percent for internal waterway transport, 53 percent for air transport, 38 percent for rail transport, and 63 percent for baggage transfers.

The rate index for all types of communication services was 131 percent; in particular, urban and rural telephone rates displayed a 1.7-fold increase, postal rates rose 1.3-fold, and telegraph and long-distance telephone rates rose 1.2-fold, and only the rates of short-wave communication services remained the same as they had been in 1990.

Public transport rates displayed another significant increase at the beginning of this year, as a result of which the cost of airplane tickets quadrupled and the cost of train tickets tripled. The cost of riding 1 kilometer in a taxi rose from 40 kopecks to 2 rubles, and jitney rides doubled in cost.

Kolkhoz market prices also rose constantly in 1991. At the end of last year they were 3.8 times higher in urban markets than they had been in December 1990. The highest prices were recorded on 30 December in Alma-Ata, where a kilogram of meat cost 55-70 rubles, butter cost 100 rubles, honey cost 120 rubles, potatoes cost 10 rubles, and sauerkraut cost 15 rubles.

The first days of the liberalization process in the republic were marked by a dramatic increase in the prices of all vital necessities. After measures were taken, the prices of bread and baked goods made of top-grade flour, sour cream, cottage cheese, milk, and kefir dipped far below the prices that were being charged from 6 through 10 January. The price of a loaf of bread made of top-grade flour dropped from 8-9 rubles to 3 rubles, for example, and the price of a kilogram of sour cream dropped from 14-46 rubles to 5-8 rubles.

The price reform also led to the dramatic rise of rates and prices in the service sector, which had increased 1.6-fold in 1991 and then rose to 4-10 times the earlier figures at the beginning of the liberalization process.

#### 4. Consumer Market Peaks

In general, the situation in the consumer market was extremely tense and difficult by the end of the year. The demand for goods reached its culminating point in the retail trade network in the fourth quarter. As a result, commodity stocks in retail trade had reached their lowest level ever by the beginning of this year—enough for only 34 days. Because of the higher prices of the goods, however, the stocks were equivalent to 4.5 billion rubles in monetary terms (as of 1 January 1992), as compared to 2.4 billion rubles at the end of last year. In the past year retail commodity turnover increased by 62.2 percent and reached 34.6 billion rubles, with 46 percent of the volume generated by the price factor. In other words, the actual commodity turnover in retail trade and public catering did not increase.

Deliveries of foodstuffs to the trade network were reduced substantially, and this did much to compound problems in the food market. Deliveries of meat and meat products amounted to 459,000 tonnes, which was 8 percent below the 1990 figure, including 19 million standard cans of all types of canned meats (11 percent below), with corresponding figures of 2.587 million tonnes for milk and dairy products (7 percent), 2.4 million standard cans of canned milk (79 percent), 62,000 tonnes of butter and lard (4 percent), 1.8 billion eggs and egg products (7 percent), 201,000 tonnes of confectionery (25 percent), 275,000 tonnes of sugar (31 percent), 21,000 tonnes of tea (32 percent), 355 million standard cans of various canned fruits and vegetables (26 percent), and 35,000 tonnes of margarine products (53 percent below). Only deliveries of noodles remained almost the same as in 1990—135,000 tonnes. The quantity of potatoes and produce for sale to the population decreased: Deliveries of potatoes were 26 percent below the 1990 figure, and the corresponding figures for other foods were 31 percent for vegetables, 42 percent for fruits and berries, including 51 percent for grapes, and 27 percent for melons.

As a result of the dramatic decline of production and the reduction of imports and of deliveries from other independent republics, there were shortages of non-food items. Stocks of almost all types of goods are being depleted: Stocks of wool fabric decreased by 36 percent in the past year, and the corresponding figures for other products were 38 percent for silk fabric, 19 percent for hosiery, 6 percent for leather footwear, 78 percent for rubber footwear, and 42 percent for facial soap.

The sales volume of paid consumer services was 4.2 billion rubles, which was 16 percent higher than the figure for the previous year in actual prices, with rising prices and rates responsible for more than 36 percent of the volume. In comparable prices, on the other hand,

paid services were 27 percent below last year's level. The provision of the population with personal services was a particularly crucial problem, because the volume of these decreased by 41 percent in comparable prices and amounted to only 1.5 billion rubles.

#### 5. This Is How We Learn

At the beginning of the 1991/92 academic year, there were 3.226 million children and teenagers attending general educational schools, including 3.147 million in day schools. Students are now attending 2,992 Kazakh, 74 Uzbek, 11 Uighur, 3 Tajik, and 1,848 mixed schools. The development of academic institutions with intensive courses of study is taking on broader dimensions, and the number of these increased by more than one-fourth over the last year and rose to 1,400. New types of curricula continued to be introduced. Whereas 16 preparatory schools and 10 liberal arts schools were opened in 1990, they already numbered 38 and 33 respectively in the current academic year. Children are still attending classes in three shifts, however: 14,000 students (0.4 percent) attend school in the third shift, just as they did the year before. Over 870,000 schoolchildren are not provided with hot meals (28 percent of the total).

There are 238,000 students in 244 secondary specialized academic institutions and 288,000 students in 61 higher academic institutions. The Turkestan State University and Chimkent Physical Culture Institute had been opened in the republic by the beginning of the academic year, and the Kokchetav Agricultural Institute and Chimkent Pharmaceutical Institute were established on the basis of existing branches and divisions. Specialists are being trained in applied sociology, economic and social planning, sociopolitical theory, and other fields. Pedagogical institutes have been converted into colleges in Kokchetav and Mangistau oblasts.

The training of personnel on contracts with the partial reimbursement of expenditures continued. Over 25,000 VUZ students (8.8 percent of the total) and 13,000 students of secondary specialized academic institutions (5.4 percent) are undergoing training on contracts.

#### 6. The Face of Industry

The results of the work of industrial enterprises revealed that the decline in overall production volume has been stopped. At autonomous enterprises the volume even increased by 0.7 percent in comparison with the previous year. In the chemical-timber and metallurgical complexes, however, it decreased by 1.3 percent.

The average indicator was exceeded in 14 oblasts and Alma-Ata. There was a substantial increase in output at enterprises in Semipalatinsk (12 percent) and Guryev (11 percent) oblasts. There was still a slump, however, in Mangistau (7 percent), Kzyl-Orda (4 percent), Dzhezkazgan (6 percent), East Kazakhstan (2 percent), and Karaganda (around 1 percent) oblasts.

The output of 46 of the 58 products recorded in the short statistical report (or 79 percent) was smaller than it had been the year before, and this was also true of 28 of the 34 technical items used in production (or 82 percent).

The following data are indicators of the changes in production volume (in percentages of the corresponding period in 1990, in comparable prices):

Period	Total volume	Average daily output
January-March	96.1	96.8
January-June	96.8	97.1
January-September	99.1	99.1
January-December	100.7	100.9

The volume of contracted products not delivered to consumers amounted to more than 1.7 billion rubles for the year. Almost one out of every seven enterprises failed to fulfill contract obligations, including one out of every three in the fuel and energy complex, one out of every four in the metallurgical complex, and 40 percent in the chemical and timber complex. Disruptions of economic ties and violations of delivery schedules caused numerous work stoppages at enterprises or their separate production units. Total losses of work time as a result of shortages of material resources amounted to 192,000 man-days, and the resulting product losses were equivalent to 750 million rubles.

The following data are indicators of the fulfillment of contract obligations in different industrial complexes:

Complex	Value of unshipped products		
	Thousands of rubles (1991 prices)	In % of total production volume	% of enterprises not fulfilling obligations
Fuel and energy	91,890	1.0	34.2
Metallurgical	494,533	4.0	26.7
Machine building	166,336	3.4	13.2
Chemical and timber	559,941	8.3	40.3
Agroindustrial	238,703	0.9	14.5
Construction	79,229	3.0	16.8
Social	103,569	1.0	17.8

The work of the whole **fuel and energy complex** was unstable throughout the year. The output of coal decreased by 880,000 tonnes (or 0.7 percent), and the output of coking coal decreased by 2.054 million tonnes (or 6.9 percent). Delays in deliveries of material and technical resources, the shortage of vehicles, and the obsolescence of equipment had an adverse effect on the coal mining industry. The output of oil increased, however, by 360,000 tonnes (or 1.7 percent), and the output of gas increased by 772 million cubic meters (or 11 percent).

Consumers' supplies of coal at the end of 1991 amounted to 8.441 million tonnes, or 355,000 tonnes more than last year, but remaining supplies of fuel oil had decreased by 36,800 tonnes. These reserve supplies of coal and fuel oil were enough for the uninterrupted functioning of the national economy for 39 days and 32 days respectively; enterprises of the republic Ministry of Power Engineering have enough coal and fuel oil for only 11-15 days of continuous work. The dwindling supply of the main types of fuel and the severe depreciation of fixed capital affected the production of electrical power, which was 1.4 percent below the 1990 figure.

Due to the absence of a raw material base and to the unsatisfactory technical state of fixed capital, the reduction of the total output and average annual output of rolled ferrous metals could not be avoided in the **metallurgical complex**. The amount of steel produced in the past year was 5.6 percent below the 1990 figure, the output of finished rolled metal products was 4.9 percent smaller, and the output of steel pipe was 18.1 percent smaller.

The reduction of the output of manganese ore continued and was measured at 22 percent last year.

In view of the constantly dwindling supply of crude resources, the more extensive use of scrap metal and waste ferrous and nonferrous metals as raw materials could increase the output of metal products. State requisitions for these, however, were filled by only 74 percent. Enterprises and organizations in machine building, the construction industry, and particularly the agroindustrial complex were negligent last year in fulfilling scrap metal assignments.

Output grew somewhat at enterprises of the **machine-building complex**. The disruption of economic ties, however, reduced deliveries of the necessary resources from related branches, especially the metallurgical and chemical industries, and interruptions in the supply of electrical power severely decreased the output of many of the main products, as the data below illustrate:

Products	1991 output	1991 in % of 1990
Metal cutting tools	2,414	93.6
Forging and pressing machines	1,165	99.3
Excavators	577	81.3
Bulldozers, thousands	10.3	77.1
Tractors, thousands	34.1	83.1
Agricultural machines, millions of rubles	355.9	92.2
Machines and equipment for animal husbandry and feed production, millions of rubles	227.1	88.2



The output of machining tools, technological equipment for light industry and the spare parts for it, and equipment for the processing of polymer materials and the spare parts for it was also smaller than the previous year's.

There was a chronic lag in the production of the main products of the chemical and timber complex. The output of the crude products of basic chemistry (sulfuric acid and caustic soda) in 1991 was equivalent to only 89 percent and 74 percent respectively of the 1990 output. In spite of the acute shortage of natural raw materials for light industry, enterprises in the branch reduced the output of chemical fibers and filaments by 6,100 tonnes (35 percent). The reduction of the raw material base last year decreased the output of mineral fertilizers by 140,400 tonnes (or 8 percent). Lags in the production of plastics, particularly thermoplastics, reduced the output of pipe and pipeline parts by 757 tonnes in comparison with last year's.

The output of virtually all of the main products of the timber branch decreased: by 12.3 percent for commercial timber, 20.5 percent for lumber, 1.8 percent for wood-particle board, 31.9 percent for paper, and 20.4 percent for cardboard.

The construction materials industry produced much less cement (726,000 tonnes less), brick (159 million), and linoleum (1.17 million square meters) than in 1990. The output of precast reinforced concrete structures and products was equivalent to only 92 percent of the previous year's volume, and the output of structures for frame-and-panel residential construction was equivalent to only 75 percent of the 1990 figure.

The failure to coordinate the construction program with material and technical supplies was one of the main reasons for delays in the completion of projects and the start-up of facilities.

Capital investments financed by all sources amounted to 18 billion rubles, or 7 percent less than in 1990. Indicators of the effectiveness of capital construction declined, and the amount of new fixed capital for each invested ruble decreased by almost one-fourth. Only 30 (53 percent) of the 57 main priority projects and facilities for the processing and storage of agricultural products, consumer goods production, and the construction industry were completed. The unfinished projects included facilities for the production of hosiery at the Temirtau Hosiery Factory, confectionery at the Chimkent Confectionery Factory, and precast reinforced concrete structures at the Kokchetav Residential Construction Combine.

The volume of construction completed in the social sphere was also much smaller than the previous year's: by 1.4 million square meters of housing (or 19 percent), general educational schools for 10,600 students (13 percent), preschool establishments for 6,200 children (20 percent), and hospitals with 1,000 beds (35 percent).

The smaller return on investments dramatically increased the amount of unfinished construction, which

was equivalent to 17 billion rubles at the beginning of the year, or 1.4 times as high as the figure for the beginning of the previous year.

The volume of contracted work performed by state construction and installation organizations was 6 percent below the previous year's figure and amounted to 5.6 billion rubles; operational volume declined for the construction organizations of 14 oblasts and Alma-Ata and the construction organizations of the Ministry of Highways, the Ministry of Agriculture, and the Kazakhstanstroy, Almaatastroy, Stroitelnyye materialy, Kazmontazhspeitsstroy, and Kazvodmelioratsiya concerns.

The disruption of interrepublic ties was also the main reason for the overall slump here. Failures to deliver crude resources, materials, and spare parts reduced the output of many types of construction materials. The technological equipment on construction sites deteriorated dramatically and this reduced proportional capital investments in the retooling and remodeling of existing production units from 40 percent in 1990 to 37 percent last year.

## 7. Agricultural Difficulties

There was a slump in agricultural production. The financial status of sovkhozes and kolkhozes declined perceptibly, and the number of farms operating at a loss, according to preliminary estimates, almost quintupled and reached 386.

Because of the drought, the gross product was equivalent to 14.4 billion rubles, 8 percent below the 1990 figure. Labor productivity in the public sector of agriculture was 11 percent below the previous year's level, mainly because of the sharply reduced yield of the main crops, especially grain, and the reduction of sown areas. The drought also compounded shortcomings in farming methods, the inadequate mastery of crop rotation, and the inefficient use of irrigated lands.

The dynamics of the gross yield of the main products on farms of all categories are illustrated below:

Products	Thousands of tonnes			1991 in % of	
	1986-90 average	1990	1991	1986-90	1990
All grain crops, final weight	24,108	28,488	11,931	49	42
Sugar beets	1,432	1,134	723	50	64
Raw cotton	322	324	290	90	89
Sunflowers	117	141	108	92	77
Potatoes	2,114	2,324	2,153	102	93
Vegetables	1,229	1,136	928	76	82
Fruits and berries	258	301	71	28	24
Grapes	116	139	60	52	43

Contracts for all types of agricultural products remained unfulfilled, including purchases of only one-third of the grain crops, around half of the potatoes and vegetables, 85 percent of the sugar beets, only 7 percent of the fruits and berries, and 60 percent of the contracted amount of grapes.

The amount of grain added to state supplies was equivalent to 3.2 million tonnes, which was only 27 percent of the gross yield. Purchases of potatoes and vegetables were a third below the 1990 figures and represented 16 percent and 45 percent respectively of the gross yield, and purchases of sugar beets were just below half of the previous year's figure.

The reduction of the output of animal husbandry products continued on all types of farms, with the exception of the population's own livestock. The output of meat, milk, eggs, and wool decreased sharply in North Kazakhstan, Karaganda, Ural, and Alma-Ata oblasts.

The general decline and the disruption of earlier economic ties reduced sales of animal husbandry products. Purchases of livestock and milk on contracts were smaller in 1991 in the majority of oblasts and in the republic as a whole.

The following data present a general idea of the situation (thousands of tonnes):

Products	1986-90 average	1990	1991	1991 in % of 1986-90	1991 in % of 1990
<b>Output</b>					
Meat (dressed weight)	1,465	1,560	1,550	106	99
Milk	5,350	5,642	5,530	103	98
Eggs (millions)	4,185	4,185	4,052	97	97
Wool (physical weight)	108	108	102	94	94
<b>Purchases</b>					
Livestock and poultry (live weight)	1,790	1,659	1,504	84	91
Milk	3,100	3,253	2,922	94	90
Eggs (millions)	2,523	2,394	2,325	92	97
Wool (net fiber weight)	59	60	59	100	98

Progress in the branch was deterred by the sharp reduction of potential fodder supplies. The amount procured was equivalent to 9.8 million tonnes of coarse and succulent feed units, or 11.2 quintals of units per standard head of livestock, as compared to 19.7 quintals in 1990. Allocations of concentrated feeds amounted to 3.6 million tonnes, or around half the amount in the previous year. The fodder supply in northern oblasts had been 2.5-3 times as great in 1990 as in 1991.

There was a high rate of epizootic diseases. More than 207,000 head of cattle, 3.126 million sheep and goats, 401,000 pigs, and 41,000 horses were lost during the year. The yield of offspring was reduced. The yield of calves per 100 cows on sovkhoses and kolkhozes was only 70 head, as compared to 72 the year before, and the respective figures for other livestock were 2,250 and 2,475 for piglets and 91 and 92 for lambs and kids.

All of this severely reduced the size of the herd of livestock on republic sovkhoses and kolkhozes, as the following data indicate (number on 1 January, thousands of head):

	Farms of all categories		Sovkhoses and kolkhozes		Private farmyards	
	1991	1992	1991	1992	1991	1992
<b>Livestock</b>						
Cattle	9,756	9,569	6,474	6,192	3,016	3,212
Cows	3,367	3,482	1,742	1,714	1,579	1,726
Pigs	3,224	2,961	2,297	2,038	664	700
Sheep and goats	35,657	34,454	28,701	26,584	6,408	7,313
Poultry	59,899	58,988	39,360	39,977	19,997	19,218

The size of the herd on farms in the public sector was reduced in almost all oblasts: cattle in all oblasts but Turgay, Kokchetav, and Chimkent; sheep and goats in all but Dzhambul and Chimkent; and pigs in all but Tselinograd, Chimkent, and Dzhambul oblasts.

The average milk yield per foraging cow on sovkhoses and kolkhozes was 2,266 kilograms, or 98 kilograms

(4 percent) less than the year before. The yield decreased by more than 175-300 kilograms on farms in Dzhezkazgan, Guryev, Karaganda, East Kazakhstan, Alma-Ata, and Taldy-Kurgan oblasts. The productivity of laying hens in the republic as a whole decreased by five eggs and was equivalent to 225 eggs a year.

Industry did not meet all of its contract commitments to provide agriculture with tractor plows, seeders, cultivators, forage harvesters, grain combines, disk harrows, grain cleaners, and organic fertilizer spreaders; many farms refused to buy them because of the dramatic rise in the wholesale prices of these machines.

### 8. Transportation and Communications

The volume of freight shipped by public transport was 66 million tonnes below the figure for the previous year. This was mainly due to the reduced output of many types of products and to continued organizational shortcomings in the work of the transport network itself.

The following data measure freight shipped by various modes of transport:

Modes of transport	Millions of tonnes	1991 in % of 1990
Total	925	93.3
Rail	332	96.2
Motor vehicle	562	91.4
Air	0.03	82.6
Pipeline	20	97.1
Internal waterway	11	104.2

The amount of freight shipped by **rail** in the past year was 13 million tonnes below the figure for 1990. The average daily entrainment indicator was 5.8 percent below, and the detrainment indicator was 7 percent below; the amount of times cars stood idle during freight handling operations increased by 1 hour 20 minutes. The daily performance indicator of all rolling stock also declined.

More than a thousand cars a day remained unloaded through the fault of clients in the past year, which was 3.6 percent above the 1990 figure. Freight capacity losses resulting from above-norm idle time on the belt lines of enterprises and organizations were equivalent to 151,000 railway cars, for which the parties responsible had to pay the railroads 86 million rubles in fines. Cars stood idle longer on the belt lines of enterprises in most oblasts.

The effectiveness of railway handling operations displayed negative changes. The overhead costs of freightage increased 1.8-fold, but the net profits of the railroads fell to just over one-third of the earlier figure, and the labor productivity of service personnel declined 8.5 percent. The safety of shipped freight decreased: Railroad losses for this reason in just the first nine months of the past year amounted to almost 6 million rubles, including 4.5 million rubles' worth of stolen freight, which was 2.7 times as high as the figure for the same period in 1990.

There was a substantial decline in the amount of freight shipped by public **motor transport**. Around half of the trucks were still standing idle for various reasons. The

absence of the proper coordination of shipments caused trips by empty trucks to rise to 42 percent of the total.

Freight shipped by **river transport** was below the previous year's figure by almost 95,000 tonnes of timber (14 percent of the 1990 figure), 25,000 tonnes of oil and petroleum products (6 percent), and 6,000 tonnes of combination feeds (28 percent).

The **passenger transport** network served 3.5 billion passengers in the past year; passenger traffic decreased by 8 percent, including a 7-percent decrease in air and motor traffic, a decrease of 0.5 percent on the railroads, a decrease of 13 percent on river transport, and a decrease of 15 percent on municipal electrical systems. The quality of service is still unsatisfactory, and passenger transport schedules are constantly violated. The rate of accidents is still high. There were 18,600 reported accidents on republic highways, in which more than 4,000 people died and 20,000 were injured.

**Communications enterprises** performed 306 million rubles' worth of services for the population in the past year, which was 1.4 times as high as the 1990 figure, and their income increased 1.5-fold. The number of telephones installed in homes increased by 98,000, or by 7.5 percent.

### 9. Exports As Well As Imports

The republic delivered more than 200 different types of goods worth 1.518 billion rubles for export, including 991 million rubles' worth for hard currency, and imported goods worth more than 700 million rubles. The main suppliers of export products in the republic are enterprises and organizations in Dzhezkazgan, Chimkent, Karaganda, Dzhambul, Aktyubinsk, and Pavlodar oblasts. Our main partners are Yugoslavia, China, Czechoslovakia, the Netherlands, Belgium, Japan, Germany, Finland, Thailand, and Turkey. In comparison with the previous year, exports of coal quadrupled and exports of raw cotton increased by 19 percent. Because of the peculiar structure of industrial production, most of the exports still consisted of crude resources, materials, and semimanufactured goods (96 percent), and the products of ferrous and nonferrous metallurgy accounted for 60 percent. Products of the chemical industry (18 percent) and the agroindustrial complex (22 percent) were also high on the list. The main exports of the agroindustrial complex were still cotton fiber, grain, and hides and skins. The high percentage of crude resources in total exports is also confirmed by the negligible quantity of exported machines and equipment (1.5 percent), and one of the main reasons for this was the failure of technical and other parameters of the republic's machines and equipment to meet world market requirements.

The main imports are still machines, equipment, and consumer goods, as well as crude resources and materials for the food industry. Machines and equipment represented around 25 percent of the total, and one-fourth of them were vehicles and vehicle accessories, one-fifth were various types of equipment for the food flavoring and seasonings industry, and slightly over one-tenth

were computers. Manufactured consumer goods (distributed through the republic Ministry of Trade) represented around 13 percent of the total. Over four-tenths of all imports came from the United States and Japan, and they supplied us with 35 percent of our imported machines and equipment.

The volume of trade through republic foreign economic organizations was equivalent to 191 million foreign-currency rubles, including 41 million in hard currency. Exports exceeded imports by 15 percent and amounted to 103 million foreign-currency rubles. China is our main partner in export-import operations through republic organizations, accounting for 55 percent of the total. Foreign trade with the former CEMA countries amounted to 33 million foreign-currency rubles, or 17 percent, including 5 million in hard currency, and the respective figures for capitalist countries were 36 million and 29 million.

Through foreign humanitarian aid channels, the republic received more than 1,700 tonnes of goods, including 1,200 tonnes of food and around 100 tonnes of medicine and medical equipment.

#### 10. New Market Structures

Although the state of the national economy has to be described as extremely critical in general, there are some obvious positive signs. The establishment of alternative forms of economic management has begun to affect the economy. They are creating a multistructured economy and a competitive environment in the market and are laying the basis for more active entrepreneurship. By the beginning of this year there were more than 2,025 leased enterprises operating in industry, construction, trade, public catering, and personal services (according to preliminary data). Their total product was equivalent to 17.5 billion rubles.

There were 177 leased enterprises in industry, which was 2.2 times as high as the figure at the end of 1990. Their combined product was equivalent to 9 billion rubles, or 12 percent of the total for the branch, and their number of personnel decreased from 80,300 to 77,500. Leased enterprises in construction performed contracted work for 2,041 billion rubles, or 25 percent of the total.

In personal services there were 1,086 enterprises and subdivisions operating on this new basis. They employed 193,000 people and performed services for a total of 372.5 million rubles (25.4 percent of all services performed). By January, 395 enterprises (trade centers, worker supply divisions, and trusts) and 133 separate stores, cafes, and restaurants were operating in this new way in trade and public catering. Their combined sales amounted to 6.1 billion rubles (17.8 percent). Commercial stores in the republic sold goods to the population for 400 million rubles (1.2 percent).

There are now 17 agricultural combines, 6 agricultural associations, 18 agricultural firms, and 914 agricultural

cooperatives in agriculture, and all production subdivisions have been leased on half of the sovkhozes and kolkhozes. The volume of agricultural production on private farms grew. In 1991 they produced 34 percent of the whole output of meat, as compared to 33 percent the previous year, and the respective figures for milk were 48 and 46 percent.

After the ukase of the president of the Kazakhstan Republic on the allocation of land for private residential construction, collective vegetable gardens, vacation lots, and peasant (or family) farms was published, 856,000 families received land for collective vegetable gardening and 241,000 families received vacation lots. Around 90,000 hectares of land had been set aside for these purposes. At the beginning of this year there were 3,333 peasant farms in the republic, which was 10 times as high as the figure at the beginning of 1991. These farms still produce an extremely small share of the output of the main agricultural products—from 0.1 to 0.6 percent. There are no cattle on around half of the peasant farms, however, because they do not have the necessary fodder supply. In addition, the development of leasing is being deterred by the absence of effective mechanisms for its organization and the lack of initiative by some ministries, departments, and local government agencies in establishing the new forms of economic management.

#### Nazarbayev Views Issues During Election Campaign

92US0374A Moscow OGONEK in Russian  
No 10, 7 Mar 92 pp 7-8

[Article, published under the heading "Prominent Personality," by Mayra Salykova: "Without Illusions"]

[Text] *A trivial comparison between real life and the theater is warranted by the substantive nature of today's clashes. The curtain has become more transparent, thanks to the high degree of glasnost and openness, and the actors playing the role of political leaders, having thrown off the heavy toga of inaccessibility, have suddenly appeared to the audience as genuine individuals with an entire set of human passions. It is another thing altogether that our fate—yours and mine—depends in large measure on these individuals. And once again we take an agonizing look: what new personalities have entered the stage, and who on this stage is running things?*

Any choice we might make of a politician who subsequently governs us is similar to a decision about marriage: based on love, on calculation, on necessity, or on pure chance. In recent years we have been witness to different variations of this. The election of Nursultan Nazarbayev as president of Kazakhstan is perhaps a choice based on calculation. He has never been "worshipped." He was given his due in the past, and this continues to be the case.

Just recently a BBC commentator, discussing events in Kazakhstan, said the following about him: "the crafty president of Kazakhstan, Nazarbayev...." He was talking



about protection of the consumer market in a period of inflation and lack of coordination of actions by the members of the Commonwealth of Independent States. Is he a crafty individual? Of course he is. One can say that he is reasonably democratic, reasonably intellectual, reasonably crafty, and reasonably conservative. People duly recognize these characteristics.

I met with Nursultan Nazarbayev at the end of last year, during the election campaign. He was a bit pressed for time, and he suggested that we talk aboard his presidential aircraft while en route from Alma-Ata to Karaganda. At that time Nazarbayev was totally engulfed by the election campaign fever, and it was interesting to observe how this popular and self-confident individual, who was running as the sole candidate, was actually nervous before each campaign appearance. This was not a game, not a pose. It was evident that what he wanted was not simply victory but an absolute and total victory. I asked him: "Nursultan Abishevich, do you figure that, upon winning the election, you will be able to take actions which you do not feel you can take at the present time?"

"Yes, I do. The time has come to act and to establish the conditions of a firm structure of executive authority. A president who has not been popularly elected is not a president. At the present time, when a transition to unpopular measures is commencing, only a politician behind whom stands the entire people can feel confident."

Nazarbayev is perhaps the only one of the current presidents with a party nomenklatura past who suffers no psychological complex in this regard. And this was not achieved at the cost of bustling about and playing up to anybody. He is somewhat self-assured because he in fact is the only choice at the present time. Be this good or bad, it happens to represent objective reality, with which even his enemies must reckon.

He did not just suddenly become such an absolute political figure. While March 1985 can be pointed to as the time of the birth of the "new" Gorbachev, the corresponding time for Nazarbayev was December 1986.... At that time everybody was fully aware of the fact that the days were numbered for Dinmukhamed Kunayev as first secretary of the Central Committee of the Kazakhstan Communist Party. There erupted a harsh political struggle for the soon-to-be-available position. The chances of young prime minister Nursultan Nazarbayev were fairly good. But Gennadiy Kolbin, who was unexpectedly brought in from Moscow, threw all his calculations into a tailspin. At a hastily gathered Central Committee plenary session, the local partocracy cast their votes without a whimper for the new boss.

The protest demonstrations by the youth of Alma-Ata which ensued, directed against the continuing dictatorial rule by Moscow and the new viceroy brought in from Russia, were brutally crushed. Water cannons, sharpened entrenching tools, and savage beatings....

At that time Nursultan Nazarbayev was a strong prime minister, but he was only one of the candidates, one of.... His ascent to the summit of the political Mount Olympus began in December 1986. In contrast to his frightened, intimidated colleagues, Nazarbayev would take no active part in the campaign to root out "nationalism" as well as the various and sundry party measures to "normalize interethnic relations" which followed the December events. It was from that moment that he began to stand out in particular contrast from the other well-known political figures and would-be power holders. Soon the country would be shaken by the events in Tbilisi, Baku, and Karabakh.... The spinning flywheel of democratic changes would cast the December tragedy of 1986 in a new light.

At this time Nursultan Nazarbayev would play the card of economic reforms and would prove to be a leader with willpower, capable not only of working productively in the old economic system but also of reforming it. Time and rapidly changing realities would work in his favor. He would bypass his political adversaries, who would be clinging to the old dogmas. Even while Kolbin was still in office he would by his conduct make known to everybody that he intended to play "first violin."

In 1989, with Kolbin reassigned back to Moscow, he would finally ascend to the throne of the "first man in the republic." At the time that would still be the position of first secretary of the Central Committee of the Kazakhstan Communist Party.

Throughout his political career, Nazarbayev would never be governed by emotions. He supported Kunayev, but only up to a certain point in time. He subsequently leveled devastating criticism at Kunayev. He would do the same with Kolbin, but at the same time, giving these political figures their due, he would not take repressive measures against either.

There are many who, analyzing such behavior, would accuse him of acting in an unprincipled manner. But Nazarbayev was never a political dissident or a tilter at windmills. He had always displayed the classic style of the politician who is guided solely by sober calculation.

Upon coming to power, Nazarbayev would refrain from the temptation to fall into political populism, realizing that this was much more dangerous than economic populism. The latter would become his favorite topic of conversation. Upon establishing a republic Supreme Economic Council, he would invite in leading foreign and Soviet experts. In his plans he would place emphasis on refocusing the republic's economy from the functions of an agrarian and raw-materials appendage of the Soviet empire to an independent market system capable of generating end product and of developing science-intensive industries.

From the very outset the Kazakhstan public would respond to his ascent to the throne in a fairly restrained and cautious manner. Following the campaign against "Kazakh nationalism" which followed the December

events, a campaign organized by Moscow, the Russian-speaking segment of the republic's population would react in a very unambiguous manner to replacement of a Russian with a Kazakh. In view of his nomenklatura past, they did not expect any radical changes.

Nor did any ensue. What were the rightists and leftists, nationalists and separatists demanding of him? Some were demanding that the native population receive preferential treatment, others were demanding faithfulness to communist ideals, while still others were demanding that the old system be crushed immediately and totally. He declined to yield to the demands of any of these factions.

During our conversation Nazarbayev, recalling that period, said: "Yes, I was displaying caution. I could see that those republics which had made an abrupt turn in matters pertaining to the native population, even in spite of the fact that they constituted a majority of the population, experienced powerful cataclysms. What would happen in our republic? After all, Kazakhs comprise approximately 40 percent of the population of Kazakhstan. I realized this fact. At the time powerful pressure was being brought to bear from all sides. Our policy of making sure that we did not run ahead of events and of maintaining cautiousness proved to be the correct policy. We achieved our goals, and we achieved them with fewer losses than might have been the case."

The Kazakhs would read the following in his election campaign platform statement: "Accepting full responsibility for strengthening our nationhood and for the fate of the Kazakh nation, I shall work constantly to achieve the rebirth of its language, culture, and history." Millions of residents of Kazakhstan of other nationalities would hear: "I shall never call anyone of the people living in Kazakhstan a migrant...."

Nazarbayev's fantastic success in the election, particularly in those areas where the majority of Russians reside (he received 90-99 percent of their votes), speaks for itself. One can note, in response to quite understandable claims that he ran unopposed, that he lacks strong opposition in large measure because he did not take sides with any of the opposing groups and did not provoke greater opposition on the part of any of the political factions.

He was frequently compared with Gorbachev. They have a great deal in common. Both of them, standing to the rear of the Brezhnev-Kunayev team, were waiting for their time to come. Both bided their time and refrained from making trouble. Both were advocates of evolutionary reforms. Both wanted to preserve the Union. Neither was anxious for the collapse of the Communist Parties but were merely driven by circumstances. Both felt that the calmer course was to head up the party structures and hold the situation under control. The Communists of Kazakhstan can hardly take great umbrage at Nazarbayev. He was one of the last in the country to take the step of banning the Communist Party

after the August coup. And he accomplished this in a fairly mild manner, without betraying himself, renaming it Socialist. The radical democrats charge him precisely for his lack of haste and loyalty to the Communists, as well as for becoming somewhat flustered during the coup, when he was slow in condemning the coup participants. But even those who are highly suspicious of him can hardly deny that, if the coup plotters had won, Nazarbayev would have lost considerable influence and power. It is highly probable that he would have been removed from office, since at the time he was not a popularly-elected president such as Yeltsin. In this instance the power shift could definitely have followed the pattern of December 1986.

I asked him about relations between Kazakhstan and Russia: "To what extent will the neighboring republics and their leaders be responsive to the interests of Kazakhstan and to you? And Russia in particular?"

"After August, one cannot be 100 percent sure of anything. Kazakhstan is prepared to meet any challenge. But I am placing hopes on the friendly relations which I have established with Boris Nikolayevich Yeltsin. The governments of both republics are presently resolving the problems of transitioning to a market economy. Byelarus also shares our position. I would like very much for Ukraine also to join in this process."

Nazarbayev made this statement a few days prior to his election victory. And of course he could not know at the time that literally within days the presidents of the three Slavic republics would be deciding the fate of the Union without his participation.... Upon learning about this, he would fly to Moscow on the day before his formal inauguration and would meet with Yeltsin and Gorbachev in the Kremlin. Once again he would hold his emotions in check, would refrain from making any harsh statements, but he would be unable to conceal the fact that he was deeply offended.

Commenting on these events, politicians and journalists would note that ignoring such a republic as Kazakhstan and unwarranted emphasis on the "Slavic factor" constituted a mistake by the participants in the Minsk meeting. The meeting of the leaders of five Muslim states in Ashkhabad, which occurred immediately thereafter, would demonstrate to the entire world that, if it became necessary, the Central Asian republics and Kazakhstan were capable of solving their problems conjointly. Fortunately the confrontation between the Slavic North and the Muslim South does not go beyond this.

It would become evident during the Alma-Ata meeting that the temporary and, more than anything else, symbolic setting apart of the Slavic republics had strengthened Nazarbayev's position among the presidents of the other republics of the former USSR. But as a result of this course of events, Kazakhstan had become an independent state, possessing nuclear weapons and vast mineral resources, and was headed by an influential and popular leader. A leader who now possesses the moral

right to decide his country's fate, without particularly confiding in those who recently ignored him before the entire world. If we add that Kazakhstan is the most stable republic on the soil of which a portion of the strategic nuclear weapons of the former USSR is deployed, it will become obvious why the world community is paying so much attention to Nazarbayev.

Kazakhstan is no longer what it was yesterday, and Nursultan Nazarbayev is also a different person. A different, "post-perestroika" Nazarbayev, full of confidence and dignity, is striding to the front of the world political stage.

And while Gorbachev, with a tragic delay, became a "different" Gorbachev too late, not until after the August coup, Nazarbayev has become "different" at the very peak of his political career. He is young and energetic. Somewhat taken aback following the Minsk meeting, he quickly regained his composure, aware of the enormous advantages of independence not only for the republic but his own independence as well.

What will this man succeed in accomplishing? What will his political fate be tomorrow? After all, Kazakhstan is not only an extremely wealthy country situated at the crossroads of Europe and Asia, but is also a former republic of the USSR, in which the old system of government has remained virtually untouched. A country which in many regards remains essentially "Soviet" and "socialist." This is a state which will unavoidably be forced to experience the heavy burden of unpopular measures: the closing down of unprofitable enterprises, further price increases, and unemployment. In these conditions will Nazarbayev be able to maintain equilibrium and assist the birth of a genuinely civil society? Will he be willing gradually to yield that enormous power which he has concentrated into his own hands? I asked him this question. He replied, firmly and to the point: "Yes, I am fully aware of the full weight and complexity of the burden which I am called upon to bear. And I am perfectly aware that my ratings will fall and that there will be criticism from every quarter. I realize this, and therefore I entertain no illusions."

It is wonderful that the time of politicians harboring illusions has come to an end. Other politicians have arrived on the scene, politicians without illusions.

*Nazarbayev is perhaps the only one of the current presidents with a party nomenklatura past who suffers no psychological complex in this regard. And this was not achieved at the cost of bustling about and playing up to anybody.*

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## Former Republic Shows 'Exceptional Diplomatic Vigor'

### Nazarbayev Shifts Focus to Foreign Policy

92US0381A Moscow MOSCOW NEWS in English  
No 12, 22 Mar 92 p 5

[Article by Viktor Kiyantsa]

[Text] Admittance to the UNO has become a major event for Kazakhstan. Still, the republic's leadership is openly disappointed by the circumstance that it was a wholesale affair in which Kazakhstan shared the lime-light with several other former USSR republics and San Marino, instead of being accorded special treatment from the world community as a major Asian nation with nuclear arms and a prospective member of the UN Security Council.

Nevertheless, the timing for Kazakhstan's international recognition was perfect: now, in the third month of the year 1992, the republic finds it more and more difficult to maintain its image as the happiest republic of the former USSR. The lift of state price controls hit Kazakhstan even harder than it hit Russia. The situation in the republic was complicated because CIS [Commonwealth of Independent States] partners proved tricky to deal with, coal-miners were ready to strike, and there were ethnic clashes in rural areas. The "privilege" of having a formidable armed force on its territory turned out to be rather costly: the military brought attention to themselves by a "soldiers' mutiny" in Leninsk and another conflict at the huge Sarazek military training grounds.

All this gave rise to speculation about a power crisis in the republic and a personal crisis for Nazarbayev, who allegedly had no precise reform programme, was unable to keep up the pace of reform and went too far with compromises.

In the meantime Nazarbayev shifted the focus of his policy from home affairs to foreign affairs—reminding onlookers of Gorbachev, who compensated for internal failures with resounding success abroad.

The public was again enthusiastic. Observers unanimously wrote about "a breakthrough in the young Kazakhstan's diplomacy." Indeed, Alma-Ata showed exceptional diplomatic vigour. In two months the republic was visited by 12 official delegations (five from Europe and another seven from Asia), and about the same number of delegations from Kazakhstan visited the world's capitals elsewhere.

Kazakhstan successfully peddles the idea that "East needs West, and West needs East." In this connection Kazakhstan thinks highly of the example of Turkey, with which it already has special relations. This was confirmed during the latest visit of Turkish Foreign Minister Hikmet Cetin to Kazakhstan, which resulted in five agreements, including one abolishing the need for visas.

This rapprochement will surely be to the liking of the USA, which regards Turkey as the major factor countering the Islamic fundamentalism which is vigorously expanding in the Asian republics of the ex-USSR—to the dread of the Western world. Perhaps Kazakhstan will soon become a similar "factor of containment" in the eyes of the West.

However, Kazakhstan manages to maintain close relations with Iran, Turkey's chief rival in the region. Embassies of the two states will soon be opened simultaneously in Alma-Ata. The Israeli Foreign Minister planned to visit Kazakhstan's capital, but was given to understand that this visit would be "untimely."

Kazakhstan has managed to outrun Russia in two diplomatic spheres: shedding the stereotypes of ideology, it established diplomatic relations with the RSA (which will surely be appreciated by the richest African country) and got the European Community to give it the right to be treated as a most favoured nation (opening up the prospect of prolific credits).

The President himself was active in foreign policy. He attended an international economic forum in Davos, where he produced a favourable impression and was promised support, including financial aid. Then Nazarbayev travelled to Austria on a one-day, almost private visit to Chancellor Kreisky and was promised "unlimited" credits there.

Nazarbayev's visits to India and Pakistan were specially important. Kazakhstan's President managed to present his republic as a counterbalance for Islamic fundamentalism in India, and as a major and natural partner of Islamic nations in Pakistan. He also demonstrated his independence from the policy pursued by Moscow, mentioning his "different vision of the Afghanistan issue."

However, Kazakhstan's Ministry of Foreign Affairs is undergoing a dire shortage of diplomatic personnel (employing only 30 of them now), and money. It has become known that Nazarbayev is personally trying to help resolve the "cadre problem" and has invited Kazakh diplomats at the former USSR Foreign Ministry Moscow headquarters. Thus Salim Kurmanguzhin assumed the post of First Deputy Minister of Foreign Affairs of Kazakhstan. See Alma-Ata, p 12.

#### **Nazarbayev Visits to Asian Nations Analyzed**

92US0381B Moscow MOSCOW NEWS in English  
No 12, 22 Mar 92 p 12

[Article by Sergei Strokan]

[Text] President Nazarbayev's tour of Delhi and Islamabad and Premier Tereshchenko's trip to Peking were

like a brief simultaneous chess game between budding Kazakhstan's diplomacy and Asia's diplomatic Grand Masters.

Delhi was Nazarbayev's first foreign destination. Besides, he was the first CIS President to visit that country. The two-day visit shattered political analysts' belief that Russia would pick up the USSR-India contacts. Kazakhstan's President made it understood that he himself was prepared to take over these contacts. His energetic moves were contrasted against an insipid dialogue between Russia and India. Interestingly, Nazarbayev's diplomatic trip surprised Russia's Ambassador in Delhi, who was unaware of it till the last minute and took no part in it whatsoever. In the meantime the Russian Embassy remains the only official channel between India and the CIS.

The sides signed five important intergovernmental documents, including a Declaration on Principles of Mutual Relations between Kazakhstan and India. Nazarbayev's statement to the effect that his country rejects religious extremism enables the Indian leaders to regard Kazakhstan as a potential ally in countering Islamic radicalism.

The President's visit to Pakistan scrapped the old mental stereotype according to which friendly relations with India were incompatible with contact with Pakistan. Presumably Nazarbayev's mission was aimed at inducing the feuding countries to show more restraint and actively search for mutually acceptable compromises, including those on the issue of nuclear confrontation. Perhaps this was behind Nazarbayev's Islamabad statement about Kazakhstan's willingness to join the non-proliferation treaty not yet signed by India and Pakistan. Incidentally, this statement was made shortly before the start of consultations on the issue of the non-proliferation of nuclear arms in South Asia, to take place in Washington between the USA, China, Russia, India, and Pakistan.

Kazakhstan's President also supported the idea of an interim government for Afghanistan and internationally-controlled free democratic elections in that country.

Kazakhstan also made greater progress in talks with China than Russia. While Russia is only contemplating a new Russo-Chinese commission for cooperation, a Chinese-Kazakhstan commission will soon start work. An agreement about its formation was among the documents signed by Premier Tereshchenko in Peking. He also managed to provide a huge commodity credit from China (to be repaid in 1993-1995). In its turn, Kazakhstan is prepared to allocate 107 million roubles for reconstruction of the Kazakhstan leg of the Silk Road between China and Europe via the Middle East.

Alma-Ata's dash in Asia puts Kazakhstan among the leading nations in the southern flank of the CIS. Will Russia attempt to regain the initiative it has lost?



## ARMENIA

**National Security Directorate Head on Structure, Role**

92US0330C Yerevan HAYASTAN in Armenian  
5 Mar 92 pp 1-2

[Interview with V. Poghosyan, head of Armenia's National Security Directorate, by Armenpress correspondent Jivan Balagoyan, place and date not given "We Are Defending Our Security and Democracy"]

[Text] Valeri Poghosyan, recently appointed to the position of chief of Armenia's State Directorate for National Security [Hayastani azgayin anvtangut'yan petakan varch'ut'yun (AAPV)] began the interview by the Armenpress correspondent with the optimistic statement that "at the present time there is not one person in Armenia who is being persecuted for political reasons."

[Balagoyan] Mr Poghosyan, has anything changed since changing the abbreviation PAK [KGB] to AAPV, or has it been merely a change in name?

[Poghosyan] It is not merely a change in name, although, to be perfectly honest, the change in name is not a matter of insignificance. As we know, in the hands of the Communist partocracy the KGB was transformed into a powerful instrument to be wielded against one's own people, trampling their rights. In addition, the KGB had to be subordinate to the regime and to totalitarian rule. Today, in conditions of democratic reforms, the independent nationhood of Armenia no longer has the need of a KGB as a "revolutionary sword of punishment." Today we need a different organization, an organization which will only serve with dedication for the benefit of the state.

[Balagoyan] If it is not a secret, what did the president say to you when appointing you to this position?

[Poghosyan] His message was brief. He reminded me that national security and the defense of democracy shall become the primary concern of the AAPV, which is a qualitatively different organization.

[Balagoyan] For years the KGB faithfully served ideology.

[Poghosyan] The AAPV of Armenia shall also serve ideology. It will be the ideology of nationhood, however, not that of individual parties or strata.

There was a great deal of two-facedness and cruelty in the ideology which has been repudiated by the world, and it is quite natural that the KGB, an important tool of the CPSU and the state, reflected those defective characteristics in its activities. It therefore acted for all intents and purposes more as a sword than as a shield.

[Balagoyan] What were you feeling as you stepped across the threshold of this building?

[Poghosyan] In all probability many of those who pass by this building sense an atmosphere of dark secrecy, of a building the walls of which seem to hold tragic moments in the lives and fates of hundreds of thousands of persons. But I was entering this building for the first time, and therefore did not experience any adverse emotional difficulties. Perhaps it was because I knew that the renewal process had been passing through that institution from the very first days of the victory of democracy. And now there is nothing left there, except for the once frightening image of the KGB. The hands and conscience of the people working here today are not tainted, despite the fact that they are all regular staff personnel. Therefore, as I walk through the halls and corridors of that building, I do not see—forgive the crude expression—murderers and perpetrators of violence in our (note I am already saying OUR) employees.

[Balagoyan] Does a political intelligence service exist today in the republic?

[Poghosyan] No. It was disbanded following the collapse of the totalitarian regime. This happened prior to my appointment.

[Balagoyan] Please tell me, Mr Minister: can the leaders of political parties who, so to say, are not always in agreement with the President of Armenia and with the views of the Government of Armenia and who are in the opposition, sleep peacefully?

[Poghosyan] They certainly can. I cannot think of a single instance where anybody has complained of "sleeplessness" for political reasons. Of course, under the condition that none of them attempt any act of aggression against the security, honor and dignity of the state.

[Balagoyan] Things were simple in the past, when the world was divided into two opposing political blocs: "He who is not with us, is against us." But who can be our enemy today? Against whom are we to turn the shield and sword, to cite the former KGB symbols?

[Poghosyan] We should not look for enemies. A great deal of this was done in past decades. It is better to search for those who will cooperate on the basis of equality. That is a civilized path to follow, and our independent state, the Republic of Armenia, must unswervingly follow it. We do not seek to carry out aggression against anyone else's security, but naturally we shall not allow aggression to be carried out against us.

Unfortunately an internal enemy has already appeared in this republic. I am talking about organized crime, and we have already begun an unrelenting effort to combat it.

[Balagoyan] Lately there has been a great deal in the press about informers, and sometimes voices are raised demanding that their names be made public.

[Poghosyan] That should not be done; society should not be split into good and bad. Let us not forget that it was the prevailing system, which was engaged in the ruthless strengthening of its own power, which often impelled

people to become informers. Not all of those people were bad. Some were naive, deceived, who honestly believed the propaganda and thought that they were helping society in the struggle against its enemies. They too were victims of that inhuman regime.

[Balagyozyan] Mr Poghosyan, a question comes to mind: can the State Directorate for National Security guarantee the people of Armenia and all citizens of the republic that it will adhere to the ratified principles of the Universal Declaration of Human Rights as well as other international instruments? Does there presently exist a law governing the legal foundation of the AAPV?

[Poghosyan] The legal protection of the citizens of this republic is guaranteed by Armenia's Constitution. But your question is certainly valid: there is need for a law governing Armenia's AAPV. Such a law has already been drafted, and we are hoping that Armenia's Supreme Soviet will adopt it in the near future.

[Balagyozyan] The USSR is now defunct; today there is the CIS [Commonwealth of Independent States]. What kind of a relationship is being formed between Armenia's AAPV and counterpart organizations of the Commonwealth and the Russian Federation?

[Poghosyan] Cooperative relations are being formed on the basis of equality, without imposed dictate or the trampling of the interests of others.

[Balagyozyan] To what extent are the intelligence services of Armenia and Azerbaijan cooperating at the present time, when relations between the two republics are tense? Do they understand that there is a need for a joint effort to seek ways to reach a mutual accommodation for the sake of peace and tranquility in the region?

[Poghosyan] I hope that such relations will develop. At the present time, however, cooperation between our agencies is limited to local matters, such as negotiations for the exchange of hostages.

[Balagyozyan] One final question. Recently there have been numerous claims in the Baku mass media that Armenian mercenaries from other countries are operating in Nagorno-Karabakh. Is there any truth to these claims?

[Poghosyan] Why do they not cite any facts to back up these allegations? The purpose of these claims is to deceive world public opinion.

#### **Military Commissar on Role, Preparedness**

*YUS0330B Yerevan HAYASTAN in Armenian*  
26 Feb 92 pp 1, 3

[Interview with Military Commissar Col Levon Stepanyan, published under the heading "Current Interview," by HAYASTAN correspondent Edvard Shahiryan, place and date not given: "Unfortunately Not Everything in Life Goes As Smoothly as at the Mass Meetings...."]

[Text] It has been three months now since Col Levon Vladimiri Stepanyan, people's deputy of the Republic of Armenia, was appointed military commissar of the Republic of Armenia. A few days ago our reporter met with him to discuss matters concerning routine operations at the military commissariat, current problems and things that need to be accomplished in the present conditions.

[Shahiryan] If we were to exchange places for a moment, and if you as a journalist were to interview the republic's military commissar, what would be your first question?

[Stepanyan] I would ask him whether—if, God forbid, war were suddenly to break out—the military commissariat is ready to perform its main task, to implement a general military call-up.

[Shahiryan] I agree with you completely. May we start with that question?

[Stepanyan] I have great trust in our people, and I highly value their moral attributes, their freedom-yearning patriotic soul. In that sense we are ready to carry out the main task, to the degree to which our people show readiness, always prepared at the moment of danger to show unity, in consonance with our ancient traditions. Whether or not the defense ministry will provide sufficient weapons and military equipment is another question. Is enough equipment available? Our task is to assemble all military reservists and to place them at the disposal of the ministry, in an orderly manner and according to requirements.

When we say that the people are ready, do not interpret that to mean that everything is running smoothly in that regard. Unfortunately we do not always encounter an attitude of understanding and conscientiousness. Last month, for example, we tried to carry out a practice mobilization and encountered fairly serious difficulties, not only in the organizational work of the military commissariat, but also—and this is even more painful—in the response of the reservists. Can you imagine that, even after repeated requests, some of them saw fit not to respond and stubbornly declined to appear? And you know, these are people of position and influence, who are respected in the community, and persons who even perhaps gave advice to others. Since these are the first instances of this kind, I prefer at this time not to publicize their names, in the hopes that they will reconsider their behavior.

The practice mobilization compelled me to give serious thought to another matter as well: a certain segment of the population is lacking adequate vigilance. They cannot imagine the complexity of the military-political situation, not to mention their deeply-embedded notion of immunity to punishment. You have probably guessed about whom I am talking. I am talking about those who have money, those who, setting aside the general interest of the people, think about nothing but luxury and becoming richer, despite the fact that if we were to do away with the first problem, we would not have to worry about the second.

The same shortcomings are also present in the conscription process, and here too an unconscientious attitude constitutes a hindrance. Just try to induct a "mama's boy" into the military. They will come up with a million arguments, which in the final analysis boil down to the desire to be assigned only to a military unit in or around Yerevan.

All this of course does not mean that there are no positive examples. We have many induction-age youth who, viewing military service as attractive, carry out their obligations with honor, displaying faithfulness to their military oath at all times and under all circumstances.

As a matter of fact, I was just brought this package, as you saw. I have briefly looked it over. Do you know what it contains? The history of an entire life of exceptional heroism, an assurance of courage and heroic deed. It is an excerpt from the former President of the USSR's decree on posthumous award of the Order for Personal Bravery to Saro Avalian, who resided at 7 Jrashen Street in Yerevan. M. Gorbachev signed this order just 10 days prior to his retirement. This decoration, serial number 1904, is one of the first for Armenia. Avalian, who served in the strategic forces, died a hero's death, saving the lives of three officers. May his name live on in glory! How can one not be proud of such a military man, of such a true son of our homeland! These are the people who should serve as a personal example for our military conscripts. There are many fine examples in our armed forces.

[Shahiryan] There has been much talk at mass meetings these days about the establishment of our defense ministry being unnecessarily delayed, in view of the current powderkeg situation. What can you say in this regard?

[Stepanyan] It is a fact that establishment of the ministry is being delayed. I am also of that opinion. Incidentally, Minister Vazgen Sargsyan himself and all those who are currently working on staffing the ministry do not deny it.

As I see it, the delay is not the fault of individual officials, but is rather a consequence of those complications which are encountered during this process. They are related first and foremost to the financial crisis situation, the lack of officer personnel, the non-existence of appropriate structures, the lack of requisite facilities, etc. The only military structure presently in operation is the military commissariat and its system, and it is obvious that it has a role to play in handling certain matters pertaining to staffing the ministry.

Unfortunately, not everything in life runs as smoothly as at political rallies, at which emotions frequently prevail. Practical activities are much more complex and filled with obstacles. It is necessary to maneuver, to enter into businesslike relationships, to surmount many obstacles, including bureaucratic ones, and to encounter problems the solution to which is not of immediate importance. In the Hoktemberian border guard unit, for example,

having reached an agreement in advance with the military district authorities, we are organizing an honor-guard company. Obviously in this unit there would be need to choose inductees possessing the necessary physical attributes, tall young men with an erect carriage, and young men bearing the traits of our nation. But what is the actual situation? Some of the inductees soon began displaying an attitude unbecoming to a soldier toward members of other nationalities serving in a mixed military organization, have refused to perform daily routine housekeeping chores, and have behaved arrogantly, haughtily announcing that back home they did not perform chores "unbecoming to a man," such as making beds, sweeping floors, etc. As if it is something to be proud of when one refuses to help one's mother or sister, does not make one's own bed, and avoids addressing daily problems.

To put an end to this situation, the command authorities were forced to transfer the company to another building. That not only did not help, however, but caused new problems. The inability to get along with others in close quarters became apparent. City boys began to look down on those who had come from rural areas and to shove off onto the latter their own daily housekeeping duties.

The authorities seriously addressed this situation. On orders from the defense minister, the principal guilty parties—Harut'yun Kargatian and Yevgeni Hamlet Khach'atryan—are doing time at the stockade.

Unfortunately, such incidents are not unique. With great difficulty we succeeded in sending about 800 inductees to Tbilisi, to receive NCO training at the Transcaucasus Military District training base. We were being condemned for sending our conscripts out of Armenia, and our critics lacked the slightest desire to grasp the situation or to understand the corresponding laws which govern these matters.

And yet it is spelled out quite specifically in the Law On Military Service Obligation, in the drafting of which I also took part, incidentally: "In military units and military educational institutions of other states, the military service and training of citizens of the Republic of Armenia shall be governed by intergovernmental agreements."

Our conscripts were assigned not to service with military units of the Georgian armed forces but to the military district training base, which is not directly linked to military force units stationed in Georgia or Azerbaijan. We also have an arrangement whereby the training of personnel shall be provided free of charge. No other CIS [Commonwealth of Independent States] member state has been offered such an arrangement. Should we not take advantage of this opportunity? There will not be any such possibility in the future. Future training may require the payment of hard currency.

Just as passions appeared to have calmed down, we were faced with the situation of approximately 200 future noncommissioned officers deserting and returning home

to Armenia, claiming to be "victims" of unpleasant incidents which they themselves had instigated. As a consequence of efforts to explain the situation to them, the majority have decided to avoid adverse consequences and to return, but the incident has left a bad taste and greatly concerns us. We are carrying out the necessary political education efforts and are also utilizing instruments of community influence in order to prevent such things from happening in the future. We are very concerned over the 30 young men who have not returned.

In the present politico-military situation, in the presence of unfriendly neighbors and with war games being conducted across the Araxes River, our people with a military service obligation should treat in all seriousness the defense of their homeland and strengthening of that defense. This issue is more acute at the present time than at any other time in recent decades. Therefore the seriousness of the present situation must be soberly assessed.

[Shahiryan] The following question has a direct relation to your concerns. What kind of influence does our Ministry of Defense exert or, to phrase it more specifically, is Mr Vazgen Sargsyan capable of intervening, for example, in the affairs of the CIS 7th Army?

[Stepanyan] That is a delicate issue, and I cannot give you a unequivocal answer of yes or no. But inasmuch as that army is stationed on the territory of the Republic of Armenia and is tasked with defending Armenia, he certainly has the right to be informed. After all, he is the primary person responsible for that defense. This statement also applies to the commander of that army. Cooperation can assume various forms in peacetime. However if a war situation develops, God forbid, things will become more specific.

[Shahiryan] Speaking from a fresh perspective, are you satisfied with the job performance and personnel of the city and rayon military commissariats?

[Stepanyan] There are many complications in the work of the military commissariats in connection with changes in mobilization plans and in implementation of the military draft. Of course many of our officers and other personnel display a conscientious attitude toward performance of their duties, but there are those who no longer enjoy respect and who, following the democratic reforms, are no longer capable of ensuring highly-productive labor. We are gradually getting rid of these latter. We shall also endeavor to put an end to the alien practice of solicitation of bribes which is noted at military commissariats.

We are of course aware of the great complexity and difficulty of combating these problems. This demands continuous, painstaking effort, improvement in morale and a higher sense of ethical behavior, activation of the community factor, etc. We do not fear difficulties, and we shall continue working toward the higher goal.

Our work is also becoming more difficult due to the fact that a large number of personnel, including ethnic Armenians, do not possess a mastery of the Armenian language, and consequently avoid face-to-face communication with military personnel. This language factor makes achievement of mutual understanding more difficult. We are also considering ways to improve things in this area.

[Shahiryan] At this time, when the Armed Forces are celebrating their traditional holiday, I am even more disturbed at manifestations of hostility toward military personnel. Can you comment on that?

[Stepanyan] First of all we must clearly recognize that the actual military force defending today's Armenia is the 7th Army, the personnel of which include numerous nationalities, and a total of two or three thousand Armenians. The border with Turkey and Iran is also guarded for the most part by personnel of other nationalities. At the present time it is not possible to establish a border guard consisting of Armenians only. Therefore we must respect and show deference to all those who today are defending our independence, our diminished but stable borders, and who are sharing our difficulties. And it is with this logic that we must build our attitude toward the army, toward those officers and men who, having left their homes and families, have come to a distant land to serve the sacred cause of defending our ancient but ever-young homeland.

We must seriously address their worries and concerns. Unfortunately their concerns are numerous. Many of their wives are not working because they do not know our state language, and their children are not attending school because of the closing down of Russian-language schools.

At a session of the Supreme Soviet of the Republic of Armenia, President Levon Ter-Petrosyan aptly characterized the role of the 7th Army, stating that even if the CIS Armed Forces do not remain unified, nevertheless the 7th Army shall continue its presence as a military force on the territory of Armenia. That declaration by the President obliges us to display kindness toward the members of our military.

The Armenian people, which has produced valiant commanders and many generations of fighting men, will foil the attempts of various and sundry adventurers to trifle with the honor and dignity of the members of our armed forces.

#### **Foreign Affairs Deputy Minister on Diplomatic Issues**

92US0340A Yerevan RESPUBLIKA ARMENIYA  
in Russian 7 Mar 92 p 2

[Interview with Arman Navasardyan, deputy minister of foreign affairs of the Republic of Armenia, by Ida Martirosyan; place and date not given: "White Gloves for Diplomats"]



[Text] Arman Navasardyan—deputy minister of foreign affairs of the Republic of Armenia. A career diplomat with the rank of Adviser First Class. Working languages: Armenian, Russian, French, English. "Nobody called me, I came of my own accord and offered my services because I was aware that diplomacy—on which very much depends, especially during a period when a state is being established—was a new sphere for independent Armenia, and my experience, knowledge, and professional skills would be needed."

Yes, he had a wonderful position in Moscow where, right before returning to his homeland, he had completed special leadership courses at the Diplomatic Academy of the USSR Ministry of Foreign Affairs, the so-called "embassy courses." He had gone through the complete course at this academy as early as the beginning of the seventies, receiving a diploma with distinction. He has behind him many years of foreign service in Senegal, Gambia, Algeria, England, Canada, and other countries. He had, as they say, "no problems" except for one. After Sumgait he understood that his place was at home. And he also understood that everything he had done up to that point—honestly, professionally, to the best of his ability—had essentially been for others, and that now the time had come for his own people. He exchanged that life "without problems" for one which everywhere—from the difficult life style to the organization of business—it seems, had nothing but problems. And still...

"It is as though I have gotten a second wind. I hope this does not sound pompous, but I see myself as a person participating directly in the creation of my people's history."

[Martirosyan] We are not a "diplomatic" nation—you have probably had occasion to hear this description used to explain many of our historical-political failures. It would be interesting to know the opinion of a professional.

[Navasardyan] When it comes to this perhaps we Armenians have an inferiority complex. It is simply that for centuries we have not had statehood. We have not been a subject of international law and consequently we have not had relations with the outside world. Our "politics" and "diplomacy" have been imposed on us by others. We can see today how this was done and what it has led to. But, on the other hand, now the long-awaited moment has come for us to gain our statehood and thus to conduct our own foreign policy and diplomacy. This is a delicate and complex public-social, if you will, psychological process. Both on the professional plane (we do not have our own schools or cadres) and on the material and technical plane (we are lacking the infrastructure, modern technical means, and, yes, also financial means). Diplomacy costs a large amount, a very large amount of money, but civilized countries do not skimp in this sphere since they understand its primary importance. Incidentally, all this can be accomplished in time; the difficulties are surmountable. Our history and geography and the current alignment of forces in the region show

that the history of diplomacy in our country should be very interesting and, let us hope, promising.

[Martirosyan] You have said that the root of "our nation's inferiority complex" lies in our lack of statehood. But many interpret it as a consequence of the "history and geography" from which you, on the contrary, expect interesting diplomacy. Here we have something more like a unique symbiosis: "lousy geography" which has led to a lack of statehood for many centuries and, consequently, a lack of national policy and diplomacy, and has generated an "individual" diplomacy of survival which has kept the nation without statehood. That is, if you shift the perspective, the problem and the events look and are evaluated differently. Now is probably the turning point when this should be done.

[Navasardyan] Undoubtedly. Although there is also the other extreme—universal and excessive politicization, the confidence on everyone's part that they have a good grasp of interstate relations and can do without professionals. It is one thing when the political parties, the mass media, and social institutions have their own view of events and things and express it, and it is another when they try to "actively influence." There must be a clearcut gradation of professional spheres and they must be coordinated under a single leader. In any normal state at the official level official policy is handled by the Ministry of Foreign Affairs.

[Martirosyan] Do you have in mind the fact that in our country, besides the Ministry of Foreign Affairs, both the parliament and the Ministry of Foreign Economic Ties have a hand in this. Incidentally, how do you feel about the expediency of its creation?

[Navasardyan] I feel negative. With all my respect for the economists of this department—and there are some strong young specialists working there—sooner or later time will prove the expediency not of a separate ministry but of an economic department within the structure of the Ministry of Foreign Affairs as is found in many countries of the world. Please understand that this is not corporate egoism but elementary pragmatism in the interests of the young republic. Returning to the phenomenon of total politicization of the republic, we must at least in passing touch upon this consequence—the "explosion" in the sphere of foreign relations. Yes, society must be democratic and, yes, all structures must have the right to have foreign contacts, but at a certain level there must be state coordination, a vector of direction. Otherwise this will produce serious consequences. Unfortunately, today there is a tendency toward this. This is why we need a code of laws regulating this process and—may the readers forgive me—political culture.

The almost Masonic ritualism of diplomatic life and its strict regulation are not a manifestation of snobbism. The United States has been polishing and improving its laws for 200 years. Even such a trivial thing as whether or not an ambassador may accept a fountain pen as a

gift—from whom and in which cases, if this obligates him to anything and in which situation—even things like this are not considered unworthy of attention. But in the former USSR, on the contrary, in 70 years only one document was adopted. In 1922. The Regulations on the USSR Ministry of Foreign Affairs. So it is no wonder that it remained a mystery just what Soviet foreign policy and diplomacy were. This confusion still continues because of inertia. Incidentally, we have already prepared and submitted for consideration the Provisions on the Ministry of Foreign Affairs of Armenia. It is an extremely simple and democratic document which takes into account the advanced experience of many countries. It is based on the idea that in the area of foreign policy the Ministry of Foreign Affairs is a superdepartmental organization (of course, it is above parties as well) whose prerogative is to coordinate and monitor the fulfillment of the republic's international commitments. If we do not have this, we will not have any foreign policy. Without clearcut unified power not only will we have the chaos from the lack of interdepartmental coordination but we will also be without a unified focal point.

[Martirosyan] Still, it is not without reason that diplomacy is considered a "culinary" art with one-seventh of the iceberg showing. For example, behind the peace-loving foreign policy of the USSR there was the crude, forced imposition of its ideology. The Japanese policy for influencing world processes, it seems, is implemented through economics—"peaceful introduction" into markets. America is like an entire complex—military might, markets, and "ideology" through propagandizing its image. But what is it like "behind the scenes"?

[Navasardyan] If you have in mind American diplomacy, it is an all-embracing powerful mechanism of state foreign policy which encompasses all spheres of national interests—from those that concern the man on the street to global strategy. During the past 50 years, for example, American diplomacy has considered it to be one of its main tasks to defend American private business abroad.

[Martirosyan] Stupefying! It is painfully pedestrian, pragmatic, or something, without any lofty patriotic resonance or sense of mystery.

[Navasardyan] Unfortunately, we too frequently look for contexts and subtexts in places where everything is essentially clear and simple. The times of the Talleyrand diplomacy with its palace intrigues have passed—that is an anachronism. We have a very long way to go to reach the Americans' high degree of simplicity. But we must understand today that diplomacy must be profitable. It is my fondest dream that our diplomacy will contribute to the development of economics, science, and art and to the utilization of the republic's intellectual potential for conquering or filling the political vacuum. We will work on this. In the Ministry of Foreign Affairs we have already created a group of 13 people from the "outside"—for developing a plan for contacts with Iran. Similar groups will be created for other countries and regions and global problems of world politics. We will

have a scholarly council. To make the Ministry of Foreign Affairs a focal point of intellect—cultural, economic, and political—is not a whim or personal ambition, it is a realistic view of the times and events.

[Martirosyan] I have a test question for the economists and politicians: What comes first—politics or economics? A little earlier you said that politics must be profitable, and such a somewhat unexpected economic view of diplomacy brings about a modification of the question of primacy. In principle, of course, everything is interconnected, but the problems generated by the times in certain periods can place some one thing in the foreground.

[Navasardyan] We are now at a very crucial point when foreign policy must stay as close as possible to domestic policy and serve to stabilize and regulate it. Foreign policy is always a continuation of domestic policy, and especially now, for our main goal is improvement of the people's position, and simply their physical survival and escape from the present crisis. And, of course, much here depends on our diplomacy.

[Martirosyan] You said that "Talleyrand diplomacy" is an anachronism. But what, in your view, should be our credo, our present diplomacy? In general, because of the tendency toward simplicity, is the image of the diplomat in white gloves, elitism, the glitter of diplomatic ceremony—is all this also an anachronism?

[Navasardyan] That image is a romantic fantasy, and although the ritual remains, the tendency toward simplicity and openness is apparent. We shall leave white gloves and black gloves for our posterity. Now we must be realists. In my view, the republic is now conducting the most active and realistic policy. And realism is the pivot of diplomacy. "Realpolitik"—as they call it throughout the world. Recently I was talking with a highly placed foreign diplomat by the name of L. Ter-Petrosyan, a person who had acquired the skill of "Realpolitik." There it is. Our leadership—both the president and the foreign affairs minister—are proceeding from simple and comprehensible positions adopted throughout the world. They are generally accepted principles and norms, the UN Charter, the Helsinki Agreements, the Paris Charter, the CSCE, on which the development of normal, full-blooded, full-fledged relations with all are based.

[Martirosyan] Incidentally, about "everyone" and "equal rights." Recently we have talked so much about freedom and independence that in our euphoria and extremism we had almost reached the point where we did not need anyone—"we can take care of ourselves." Time has shaken up many things and it has become clear even to the most extreme that we cannot break with our former friends completely and permanently and "install" new ones. We need compromise, maneuverability, and the ability to get along with others. It is good that they have understood this. But in parallel something else has appeared, a new transformation of the satellite

complex or an "orientation" toward someone, that is, the old extreme—we cannot live by ourselves. This psychological shilly-shallying is simply frightening sometimes.

[Navasardyan] I am more than certain that without any orientation but following a realistic policy of "equidistance" based on, I repeat, normal relations with all, we will have every opportunity to break out of our impasse and become a subject of international law and a full-fledged member of the world community. This, like getting rid of our national complexes, requires time, a sober attitude, competence, professionalism, and a civic position.

[Martirosyan] We have returned to where we started—professionalism. This is understandable, although it is sad. It is sad that in many spheres there are no professionals. It is understandable because many spheres are new to us. Yet in the former republics and also throughout the world there are plenty of Armenians who are highly regarded as specialists, but sometimes it seems that a complex akin to "we can take care of ourselves" is setting in here—a period of euphoria over freedom. Although it would be much more reasonable—and to our advantage—to invite them to help than to break our necks and still make little progress until we learn some things.

[Navasardyan] Undoubtedly. True, one must say that some people have already been invited from abroad, but we also have plenty of reserves in the domestic diaspora. Cadres and intellectual potential—these are the underlying basis, the dominant without which we cannot make a breakthrough. We must understand one fundamental truth—in any business, and above all in diplomacy, the dilettante does more harm than the enemy.

#### **Future Role of Armenian Pannational Movement Examined**

92US0340B Yerevan RESPUBLIKA ARMENIYA  
in Russian 11 Mar 92 pp 1-2

[Article by G. Martirosyan: "Twice As Much Is Asked of the Winners..."]

[Text] When one hears for the tenth or even the hundredth time that the people will be patient only until the first warm spell and then they will make things hot for the powers that be, one automatically starts to think. The more so since the premonition of an imminent popular rebellion not only torments the man in the street, who is tired of the condition of permanent indecisiveness and social cataclysms (and therefore is inclined to exaggerate), but is also being quite persistently predicted and nourished by the ever-increasing activity of certain political forces who remained timidly silent during the winter cold spells and were automatically keeping score against the background of the obvious blunders committed by the government cabinet as it choked on its problems.

Incidentally, the main target at which the opposition has aimed its volleys is not the executive power at all, which is generally not being dealt with. It is a secondary and derivative matter. And even the most short-sighted politicians are keenly aware that the second power does not fit the image of the enemy and the betrayer of the interests of the people, even if one stretches the point as far as possible and makes all kinds of provisos. It is much simpler and, the main thing, more timely to accuse the AOD [Armenian Pannational Movement] (which today is called the leading party) of apostasy, the more so since the arguments are there and public opinion has no better focus. AOD members could point to (and they certainly do!) Karabakh, and Nairit with its nuclear power plant, and the engagement in the struggle for power which made a negative impression on the ordinary people, and the personnel policy of the new republic authorities which is marred by clearly revolutionary-dictatorial tendencies, and certain former popular leaders who lost their attractiveness along with their proximity to the helm of power—a "feed trough" in the minds of many, and...

But enough of that. This is enough to get a simple picture of the enemy, against whom there is a quite obvious struggle, and this is becoming the main point of the spring offensives prepared by the enemy. Incidentally, for the opposition—of all groups and ranks, even those remolded out of former "enemies" (for example, those same communists) to look like democrats—this structuring of thoughts and actions seems quite logical and natural. And it takes good advantage of the accursed habit so firmly embedded in our consciousness of looking for the enemy in everything and seeing his intrigues everywhere. This remnant from the past is even more dangerous because it is piled on top of the circumstance that the situation in the republic, especially among politically active forces, is entering a qualitatively new stage which is characterized by the collapse of old unions and alliances and the accelerated formation of new ones. It would be good if the political struggle that has developed, confined to a civilized framework (which, incidentally, is impossible—as long as the third power is prostrate, and no law has been written yet, either for the elected officials or for us), does not drive us into another round of confrontation.

Does this mean that attempts to maintain stability in one way or another must turn into appeals for unanimity and support for the AOD, whose leaders in their time not only risked their future but gave no thought to power, largely because of which our "velvet" revolution came to pass and which gave us a president and a head of parliament... Of course not—if it did, that would mean a final defeat of democracy. After all, as early as the 10th century Al Farabi said: "A group of people holding the same opinions and answering to the same authority who is leading them can be regarded as one mind, and one mind may be wrong."

Alas, in politics past credits mean too little if added into the general account. And it is just at the beginning that



the winners are not judged. Later they are held doubly accountable—the same thing, in my view, happened with the Armenian Pannational Movement, which originated precisely as a movement, a nationwide movement, and it came to power essentially without being transformed into a party with a clearcut concept of the arrangement of power, nor did it have a strategy for keeping the power in its hands. Unable to assume the role of the “ruler” and therefore having parted with this status rather quickly (essentially without having influenced the formation of either the first or the second government cabinets), the AOD did not want to (or could not) openly define its position with respect to all the existing institutional powers.

Actually, it could not have been any other way: conceived and accepted by the people as a consolidating force in the nationwide struggle—first in support of Karabakh and then for democracy—when the AOD leaders came to power, dictating their conditions and principles of operation, they lost their former image and heroic aura, and their forced, sometimes necessary departure from their once proclaimed slogans and appeals was perceived by the masses as apostasy. Incidentally, the majority of this movement’s “postrevolutionary” steps are also interpreted this way.

Because none of them—these steps—could enter into the mission of that Armenian Pannational Movement that existed a couple of years ago and they in no way corresponded to its tasks. Because it, this mission, was exhausted in the last stage of the fight against the totalitarian-imperialist structure, with the achievement of independence. And because any revolution, even the most peaceful, eats its children.

Will the AOD depart from the political arena? I think not. There is every reason to think that it is preparing to participate actively in the political struggle. The movement named the AOD has died. The majority of those who gained power on its wave were the most worthy, but there were also upstarts from the underclass who immediately took advantage of the chance they saw. On its wave was formed the republic parliament, which proclaimed democracy and independence. And on its wave or, rather, through it, many opposition forces were formed (after all, even the majority of their representatives in the parliament won in the elections as members of the AOD). If only for this, while saying farewell to the movement, we should also give it its due. And we should welcome the birth of the new AOD party. New because it

is just beginning to recognize itself as such. Quite recently an AOD faction was created in parliament, they are preparing for the movement’s next congress, and a new program and regulations are being developed. Whether it will remain a serious political force, and whether it will be able to overcome its present shaky position—time will tell. In any case, the very best preconditions exist for this. And the AOD, with certain possibilities and influence still in its hands, is the only political force in the system capable of implementing radical economic reforms and contributing to the preservation of the stable political situation. If, of course, further political maneuvers by forces opposing the AOD do not exceed the bounds of a normal democratic struggle and see in the other side not an enemy but an opponent. Incidentally, it is much more difficult to argue with an opponent and convince him than it is to poison the people’s minds against the enemy. For in hatred we can again end up with that same reason alone, which can also be deceptive.

Recently a so-called independent newspaper through the mouth of the “people” advised the president to get rid of his former advisers in the Movement, and the Movement itself. Familiar methods, are they not? But they have been tested and have produced fairly good results. For those who stand to gain from them...

Let us think about who stands to gain from what today—the warm days are already on the way...

#### **Republic Transport Airline To Be Established**

92US0330A Yerevan HAYASTAN in Armenian  
10 Mar 92 p 2

[Unattributed brief: “Armenian Airline To Be Formed”]

[Text] The first two Armenia-owned Il-76 cargo aircraft have arrived at Zvart’nots’ Airport. These aircraft will be put to various uses. It is anticipated that several more aircraft will be acquired in the near future. Our correspondent has been informed by the Yerevan City Council Executive Committee press office that there are plans in the near future to form a cargo airline, which will operate as a joint-stock company. Fifty-one percent of the stock will be held by the Yerevan City Council Executive Committee, with the remainder to be divided among various large enterprises. Approximately 20 million dollars worth of stock shares will be available for purchase by private individuals.



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